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Council of Europe Delegation Visits Tirana

Meets With Bufi

AU0511214491 Tirana ATA in English 1857 GMT
5 Nov 91

[Text] Tirana, November 5 (ATA)—On November 5 afternoon, the chairman of the Council of Ministers, Ylli Bufi, received at the premier's seat the delegation of the Parliamentary Assembly of the Council of Europe, headed by David Atkinson.

At the beginning of the meeting the Premier Ylli Bufi made an expose of the situation in Albania, laying emphasis on the commitment of the stability government to promote the democratization processes in the country. He pointed out among other things that for the speedy integration of Albania into the European family it is necessary that the European Community promotes the economic and financial aids, of which our country is in urgent need especially in this situation.

Premier Ylli Bufi assessed the mission of this delegation in our country for Albania's speedy integration into the modern democratization processes taking place in our country.

On his part David Atkinson pointed to the commitment of the delegation he heads that it will influence in giving Albania the status of the special invitee to the Council of Europe, as a step towards our country's full admission to this important European organism.

During the meeting they exchanged views also on the importance of defending and observing the basic human rights and freedoms, on the possibility of improving the situation in certain sectors of the economy, on the elections, the problems of press and propaganda, etc.

Responding to David Atkinson's interest in the diplomatic relations between Albania and Great Britain, Premier Ylli Bufi said that Albania is ready and there is no obstacle on our part to this problem. Such a thing, he added, will be welcomed by the Albanian wide public opinion.

On the same day afternoon the deputy chairman of the Council of Ministers and minister of the economy, Granoz Pashko, had a meeting with the delegation of the Parliamentary Assembly of the Council of Europe, headed by David Atkinson.

Holds Talks With Alia

AU0611182891 Tirana ATA in English 0926 GMT
6 Nov 91

[Text] Tirana, November 6 (ATA)—On November 5 before noon, the president of the Republic of Albania, Ramiz Alia, received in the Palace of Brigades the delegation of the Parliamentary Assembly of the Council of Europe, led by David Atkinson.

President Ramiz Alia wished them welcome and a fruitful work in Albania. Acquainting the friends with the developments in our country, he said that one of the main aims of the democratic reforms in all the fields has been Albania's participation in the European processes. Our efforts to this end are all-sided. There is a general predisposition to march on this road, he said, on the part of the political forces, the people, the state organisms. Cooperation with the European institutions is a support for democracy going on in Albania, the president underscored. In this meaning, he added, we consider your mission more as a mission of aid than an observation mission.

This is completely true, David Atkinson said on his part. We must know your experience, so will the parliamentary delegation of Albania do as it is invited to visit Strasbourg. We have come here, he stressed, with the mission to guarantee Albania's acceptance as a friendly member of the Council of Europe. We are impressed by the progress Albania has made on the road of democracy, especially for the human rights. These, he added, are made at a very short period of time, facing great difficulties. I am sure, he said, you are going to receive that status. Addressing to the president, he said, I am fully convinced in your complete predisposition for the forward march of Albanian democracy.

Further on the members of the delegation put questions and voiced their interest in the functioning of the presidential power and other powers in Albania, in the competences of the president and his relations with the political parties, etc.

President Ramiz Alia voiced his worry over the aggravation of the crisis in Yugoslavia, which poses an imminent threat not only to the Balkans but broader as well. Every solution to the Yugoslav crisis which neglects the problem of the Albanians only increases the danger, he said.

At the end, the leader of the delegation, presenting the president with the banner of the Council of Europe, said that we consider as very fruitful the time we passed together and our recommendation will undoubtedly be that Albania receive the status of the friendly country in the parliamentary Assembly.

The reception passed in a sincere atmosphere of understanding.

Ballsh Oil Strike Organizers To Be Prosecuted

AU0611185491 Tirana Radio Tirana Network
in Albanian 1430 GMT 6 Nov 91

[Text] An ATA correspondent has learned from a government spokesman that the strike of fuel distribution workers at the Ballsh Oil Processing Combine has ended.

Work has resumed, and the justice organs have begun prosecution of the organizers of this illegal strike.

General Strike Declared in Kukes 30 Oct

*AU0611213791 Tirana BASHKIMI in Albanian
1 Nov 91 p 1*

[Statement issued by Confederation of Albanian Trade Unions; place and date not given: "General Strike in Kukes"]

[Text] Working people in Kukes District declared a general strike for an indefinite period on 30 October. About one month before, at a popular rally they approved a petition addressed to the president of the Republic, the National Stability Government, and the Trade Union Confederation of Albania containing various economic demands with a deadline of 25 October

for their fulfillment. So far, no response has been received from the government and no concrete measures have been taken.

A one-hour warning general strike was therefore organized in this district on 26 October. However, because the silence still continued, a general strike began on 30 October. Its main demands are wage differentials for the working people of this district, guaranteed reserves of the necessary food, a solution to the housing problem, compensation for land drowned by the Fierze reservoir, the establishment of public order, etc.

The Confederation of Albanian Trade Unions reemphasizes that it is in favor of the country's stability, but at the same time supports unreservedly the fair and feasible demands of the working people of Kukes District and asks the government and the local authorities to commit themselves to solving them as soon as possible.

Dzherov Elected Legislative Commission Chairman

AU0611193491 Sofia BTA in English 1905 GMT
6 Nov 91

[Text] Sofia, November 6 (BTA)—The National Assembly is continuing its work. The MP's [members of parliament] adopted the provisional rules of procedure and elected the 28-member Legislative Committee and its leadership. Mr. Aleksandur Dzherov was elected chairman of the Legislative Committee. The leader of the Union of Democratic Forces, Mr. Filip Dimitrov, submitted the first bill according to which the Bulgarian Socialist, formerly Communist, Party should return its property to the state.

Today the population in Ruse held a protest action against the regular poisoning of the city with harmful gases coming from the Chemical Works at Giurgiu. Tomorrow the protest action will continue with an eco-rock-festival, which will be attended by newly elected MP's.

The envoys extraordinary and ministers plenipotentiary of Morocco, Egypt and Algeria presented their credentials to President Zhelyu Zhelev today.

At today's briefing of the Ministry of Foreign Affairs it was announced that a Bulgarian delegation will take part in the meeting of the G-24's foreign ministers in Brussels on November 11, at which they will discuss the course of political and economic reforms in the former socialist countries and the new forms of assistance these countries will be given.

Dr. Petur Dertliev, leader of the Bulgarian Social Democratic Party which lost the elections, told a press conference today that in the presidential elections campaign the Social Democrats will support programs and not persons.

In an address to the National Assembly the Bulgarian Antifascist Union proposes to reconsider the course of the economic reform hitherto. Changes are necessary, but unfortunately for the time being only a small group of businessmen and blackmarketeers are benefiting from it, the rate of crime and unlawful acts is growing and the people is being impoverished daily, it is said in the address. The Bulgarian Antifascists suggest to revise Bulgaria's foreign policy too.

The spokesman for the Nikola Petkov Bulgarian Agrarian Party which failed to get into parliament told a press conference today that his party has serious organizational problems which prevent it from considering a coalition with other political forces and from nominating its presidential candidate.

The BBC World Service expressed its satisfaction with the permission it was given yesterday to broadcast its 24-hour program in English and Bulgarian for Sofia. The world service expects to receive information as to the frequency it will be given which will enable it to fix the

date for its first emission, the Press Service of the British Embassy in Sofia announced today.

At today's rally in the centre of Sofia organized by all church institutions in the country, the Rila Monastery monks demanded that the decision of the Council of Ministry be complied with and the monastery be returned to them.

Correspondents' dispatches from all over the country report that the prices of staple foods have gone up again. There is a slight rise in the prices of bread and bakery products, but meat, sausages, butter and cheese have become considerably more expensive.

At today's briefing the employees of the Ministry of the Interior expressed their respect for Mr. Khristo Danov, now former interior minister. After yesterday the cabinet gave in its resignation, Mr. Danov took leave of his employees and invited them to his home. The ministry's spokesman refused to commit himself to a prediction if Mr. Danov would be in the new cabinet.

The action filed by some MP's contesting the legitimacy of the participation of the Movement for Rights and Freedoms in the elections went before the Constitutional Court. The case was adjourned for Friday.

Finance Minister Kostov Gives Budget Report

AU0511162991 Sofia BTA in English 1534 GMT
5 Nov 91

[Text] Sofia, November 5 (BTA)—The next cabinet will take over a well-managed economy and an implemented budget act, Finance Minister Ivan Kostov told journalists after reporting the keeping of the budget from January to September. Mr. Dimitur Popov's cabinet submitted its resignation in parliament today.

Budget revenues until September 30 were as planned. Mr. Kostov believes the budget revenues programme will be fulfilled by the year's end. According to Mr. Kostov, there are considerable changes in the structure of revenues, both positive and negative. The comparatively large, 49 percent share of profits tax revenues is bad news, Mr. Kostov said. The worst change is the increased proportion of profits tax revenues from financial companies (banks, insurance agencies and the state savings bank) which reached 16.7 percent, against 31.9 percent from taxes on non-financial companies. The interest policy robs the enterprises of their profit and gives it to the banks, according to Mr. Kostov.

The finance minister assesses in positive terms the comparatively small share of income tax revenues, which comprise 9.5 percent of the budget revenues, and the very low proportion of customs duties—2.8 percent of the revenues—thanks to the liberalized customs policy. The excise duties introduced by this cabinet account for 10 percent of budget revenues.

The budget expenditure programme was also fulfilled. Social security funds received an extra 3,500 million leva

in subsidies. Cuts in budget expenditure were made, mostly in military spending. Interest payments are the largest outlays (33.6 percent of the budget) but Mr. Kostov believes the high interest policy was essential to offset depositors' losses.

One of the most serious problems concerns the financing of the budget deficit which amounted to 15,136,000,000 leva by the end of September. The greater part of it was due to interest payments on Bulgaria's foreign debt.

Against the background of the grave economic situation, the present state of the budget is a success for the government's austerity policy.

It is very difficult to finance the budget deficit because of the lack of a normal money market and the restrictive credit policy of the National Bank of Bulgaria, Mr. Kostov said. As a result, public borrowing requirements could not be met, especially in the first half of 1991. However, in the second half of the year the bank reviewed its policy line. To overcome the difficulties it issued securities valued at 1,566,000,000 leva. There will be further bond issues before the end of the year. Mr. Kostov hopes that the internal loans will bring in 2,000 million leva to the public purse.

Mr. Kostov said that October, which is not included in the accounting period, was the most successful month from the point of view of the budget.

Agricultural Official Views Winter Food Supplies

*AU0611103591 Sofia DUMA in Bulgarian
1 Nov 91 pp 1, 5*

[Katya Yaneva report]

[Text] As we approach winter, the situation with basic foodstuffs is not rosy, but it is significantly better than last year, Lyubomir Draganov, deputy minister of agriculture and food processing, stated at a news conference on 31 October. In his opinion, this is due to a better harvest and decreasing consumption, which means that more reserves accumulate.

The situation with meat is the worst, Mr. Draganov claimed. Production has decreased by about 50 percent in comparison to last year. The causes for this are shrinking internal and external markets and a lack of compounded fodders for feeding the livestock.

However, at the same time, meat consumption is also decreasing—by 49 percent in comparison to the beginning of the year. With the established level of meat at the moment, despite the fall in production, there will be a surplus. During the coming winter, there will also not be so many problems feeding the livestock because there will be about 500,000 tonnes of corn left over, an amount sufficient for the compound fodders needed.

Milk production has decreased by approximately 430,000 tonnes and consumption by 64 percent (again in comparison to the beginning of the year). There will be

sufficient milk and dairy products. In comparison to last year, reserves are bigger of white cheese (by 22 percent), yellow cheese (by 47 percent), and butter (5 fold). By the end of December, these are expected to increase further, and reserves of white cheese are expected to reach 60 percent of last year's quantity and 3.5 times more yellow cheese is expected.

The accumulation of reserves once again is due to decreased consumer purchasing power and the restriction of the Soviet markets.

Specialists forecast that there will be sufficient cooking oil during November. Its price is expected to be 13-13.50 leva, but no doubt this will increase because of fuel price rises. The good corn harvest will allow 10,000 tonnes of oil more than is necessary to be produced.

This year 32,000 tonnes of beans and 4,000 tonnes of lentils will be produced, and the market will be satisfied, Deputy Minister Draganov stated. The quantities of rice available exceed the level of traditional consumption.

To cover sugar requirements, 150,000-160,000 tonnes need to be imported, but there are no import problems—sugar on the international markets is cheaper than on our own.

From the 530,000 tonnes of potatoes produced, 300,000 will be put on the market. There are sufficient onions for planting and for consumption—80,000 tonnes have been produced, and the internal market usually takes up 30,000-40,000 tonnes.

Storage of foodstuffs will be the big problem this winter, Mr. Draganov stated. Companies cannot buy large quantities and put them in cold storage because of high interest rates. Producers do not have good conditions for storing the harvest. The cold storage areas will stand empty, while the onions and potatoes rot, Mr. Draganov stated.

Ukraine Begins Delivery of Electricity

*AU0611185091 Sofia BTA in English 1736 GMT
6 Nov 91*

[Text] Moscow, November 6 (BTA corr.)—The Ukraine showed confidence in Bulgaria and switched on the electricity supply to the country, the Bulgarian general consul in Kiev, Mr. Petur Ivanov, told the BTA correspondent over the phone.

The talks between the Bulgarian and the Ukrainian delegations are continuing. Bulgaria and the Ukraine are expected to sign a bilateral agreement on the delivery of electric power against the import of Bulgarian goods. The related specifications are being negotiated and in the next few days they will be presented to a representative of the Bulgarian Power Engineering Committee.

The fact that Mr. Boris Yeltsin and Mr. Leonid Kravchuk signed a political and economic agreement between Russia and the Ukraine today is hopeful. It means that Russia will

deliver timber for the mines in Donbas and Bulgaria will be able to receive the contracted amounts of coal. The only fact that can darken the hopes for the cancellation of electricity rationing in Bulgaria is yesterday's announcement in Moldova on the introduction of restrictions on electricity, gas and fuel consumption in the republic. This is the result of the abrupt decrease in the deliveries of energy resources from the former republics.

In a statement on the national radio Mr. Atanas Paporizov, Bulgaria's minister of foreign economic relations, said that the Ukraine would be able to deliver 450 million kwh of electric power against different types of cables, calcinated soda, accumulator batteries and electric trucks. He had received this piece of information from the two Bulgarian experts, negotiating in the Ukraine.

Kozloduy Third Reactor Repairs Completed

*AU0611185691 Sofia Khorizont Radio Network
in Bulgarian 1600 GMT 6 Nov 91*

[Text] After correcting some malfunctions, the third reactor of the Kozloduy Nuclear Power Plant is being prepared for operation. In the next 24 hours, it will add its 440 megawatts to the national energy system. Today, refueling began of the fifth block with nuclear fuel, but its 1,000-megawatt capacity will not be in action before 15 December.

Thermoelectric Power Plants Face Coal Shortages

*AU0511163191 Sofia Khorizont Radio Network
in Bulgarian 1000 GMT 5 Nov 91*

[Text] At the Dimo Dichev Thermoelectric Power Plant this morning, the boiler unit of one of the 210-megawatt generating units that broke down yesterday was once again fired up for reconnection in parallel with the national grid.

At the Maritsa-East-2 Thermoelectric Power Plant, one 150- megawatt generating unit is out of action due to a defect, while a second 210-megawatt unit is shut down for maintenance until the middle of November. The other power plant at Maritsa-East, the Purva Komsomolska, has kept in operation the equipment needed to deliver the thermal energy required for the normal operation of the concentrating plant at the briquette factory near the town of Gulubovo. At the moment, the three thermal power plants have stocks of only 560,000 tonnes of coal, which is about half the quantity that was available at the same time last year. Moreover, our correspondent Nayden Rangelov reports that coal production in the mines has fallen by about 30 percent.

Our correspondent Georgi Sveshtnikov reports that the No. 4 generating unit at the Varna Thermoelectric Power Station is operating at full capacity at the moment, and this evening it will be joined by the No. 2 generating unit, since the defect in the latter unit is expected to be repaired within the next few hours. According to Ivan Ivanov, chief director of the Varna plant, the main problem is with the supplies of coal being received from the USSR. Ivanov stated, however, that they did not need to economize on solid fuel at the moment, because half of the plant's generating capacity was operating on Soviet natural gas.

Communique Issued Following Hradecek Talks*AU0611135391 Prague LIDOVE NOVINY
in Czech 5 Nov 91 p 2*

[Communique issued on the CSFR's future constitutional and legal arrangement following the talks involving President Havel and representatives of the Federal, Czech, and Slovak Governments and National Councils in Hradecek on 3 November 1991]

[Text] The participants in the informal meeting held in Hradecek on 3 November 1991 have familiarized themselves with the CSFR president's proposals and have subjected them to an extensive discussion. This discussion has revealed that the president's proposals are, in many respects, acceptable to the Czech, Slovak, and federal representatives. However, despite this, there are serious differences concerning the meaning and legal nature of the forthcoming treaty and the degree to which it would be binding. The chairpersons of both National Councils have invited the president, the chairman of the Federal Assembly, and the federal prime minister to the meeting between the National Council Presidiums to continue their discussion. Everyone present agreed that they will strive to ensure that:

1) Before the end of November, the Czech National Council [CNR] and the Slovak National Council adopt on behalf of the Czech Republic and the Slovak Republic a treaty on the principles for both republics' and the joint state's constitutional and legal arrangement. This treaty should express the republics' sovereignty and their citizens' free will. It should characterize the joint state and should contain the categories of jurisdiction that the republics will yield to it in the legislative, executive, and judicial spheres. It should also characterize the joint state's bodies.

2) This treaty is incorporated into both republican constitutions and the federal constitution. The chairpersons of both National Councils will brief the Federal Assembly on this treaty and will introduce it as a legislative initiative. The federal constitution will be ratified by the National Councils. When all three constitutions come simultaneously into effect, the treaty will also come into effect through them.

3) This entire process is completed by 1 May 1992 at the latest.

The Czech side identifies with the president's proposal; however, it considers it necessary to focus attention on the differences in the perception of the concept "treaty between the national councils." By adopting this treaty—concluded on behalf of the Czech Republic—the CNR will feel itself bound, both as far as preparing the joint state's constitution is concerned and as far as preparing the republican constitutions is concerned, and will perceive this to be an expression of the will of both republics to live in a common state. However, it cannot perceive the treaty as a separate source of law permanently binding for the Federal Assembly. Such a concept,

of a "treaty between the National Councils," excludes the Federal Assembly from its constituent role and disavows the joint state. The binding legal nature of this treaty will be manifested by means of the joint state's constitution and the republican constitutions. The republics' state-forming status will be manifested via their constituent initiative toward the Federal Assembly and will be confirmed by the National Councils' ratification of the joint state's constitution.

The Slovak side also identifies with the president's proposal. However, it perceives the treaty to be a legal act, binding for both republics from the day it is adopted. According to the Slovak side, the difference between the two republics in their perception of the nature of the treaty could, in the future, lead to gradual and separate changes in the individual constitutions. The Slovak side perceives this treaty to be a permanently valid act with which all changes in the constitutional and legal arrangement will be compared.

During the course of the discussion, the CSFR president emphasized that declaring a referendum on the constitutional and legal arrangement could provide an unequivocal, binding, and constitutional answer to many of the existing questions. The Czech side supports this initiative.

Everyone present is aware of the seriousness of the situation, fully understands the public's justified perturbation, and is resolved to do everything in their power to ensure that a new constitutional and legal form for Czechoslovakia is established soon and in a peaceful and legal manner. The National Councils' chairpersons and deputy chairmen will meet this week to draft a joint proposal for the text of the treaty.

Slovak Council Drops Debate on Sovereignty*AU0611155191 Bratislava PRAVIDA in Slovak
5 Nov 91 pp 1-2*

[Antonia Vymazalova and Stefan Hrcka report: "We Cannot Cover Up the Disputes"]

[Text] Bratislava—The Slovak National Council [SNR] building was once again protected by portable metal barriers and policemen, thus signalling from a distance that another meeting of the Slovak Council's 18th session was in progress. It should have started at 1300. However, there were the usual delays, and it began just before 1400.

After the traditional welcome was extended to the Slovak Government, headed by Prime Minister Jan Carnogursky, there followed an unusually long approval procedure—interspersed with bitter verbal exchanges—for the five-day-long meeting's agenda. SNR First Deputy Chairman Ivan Carnogursky (Christian Democratic Movement) recommended that the deputies drop discussions on three SNR constitutional laws—on the Slovak Republic's sovereignty, on a referendum, and on an alteration to the Slovak state flag—from the agenda put

forward by the SNR Presidium. He justified this by saying that these laws are not constitutional and compared the situation to a war, in which "the one who shoots first is always to blame." Jozef Prokes (Slovak National Party [SNS]) reacted to this immediately. He asked what was anticonstitutional about an alteration to the state flag. Deputy Marian Andel (SNS) also voiced an opinion: "The submitted draft SNR constitutional law on Slovak sovereignty essentially begins where our predecessors began—in June 1945, the SNR Presidium agreed with the republic's government that the agreement of the Slovak National Council should be a condition for the validity of nationwide legal norms in Slovakia in the legislative authority sphere." However, he mentioned that some deputies have legal reservations against the submitted draft, and that he agreed to its withdrawal if a legally nonbinding political declaration on sovereignty could be discussed instead.

Following further verbal exchanges, the majority of deputies eventually decided that the plenum would not discuss the three draft constitutional laws. On the contrary, the plenum added to its proposed agenda a report on the 3 November meeting in Hradecek involving the president and legislative and government representatives, a discussion and the adoption of a point of view on the remarks made by Rita Klimova, CSFR ambassador to the United States, about anti-Semitic demonstrations in Slovakia, and a report by the SNR Screenings Commission (this will be discussed at a session held in camera). The deputies also decided that at the beginning of the 18th session (and not at its conclusion) they would listen to a report by the SNR Defense and Security Committee on the results of an inquiry into the activity of the Slovak Interior Ministry since 17 November 1989. Immediately after this change was approved, SNR Chairman Frantisek Miklosko (Civic Democratic Union—Public Against Violence) made a statement in which he admitted that the report is still not quite ready.

Deputies representing the SNS walked out of the chamber in protest against the poor standard and undemocratic nature of the course of yesterday's session. A new deputy, Maria Olejnikova (Democratic Party [DS]), took up the seat vacated by Deputy Michal Geci (DS).

In his report on the meeting in Hradecek, SNR Chairman F. Miklosko more or less repeated what was already known from the press and confirmed that the Czech side is continuing to reject a legally binding interrepublican treaty. In conclusion, he said: "We have reached the stage where we can no longer conceal in diplomatic formulations the fact that we hold fundamentally different views on some issues. It will just be a question of time until we attempt to overcome these disputes or come to some decision."

No conclusions were reached by the SNR plenum in the brief discussion on the remarks made by R. Klimova, and it was left up to the Slovak Government to resolve the matter.

The approximately 60-page report on the results of the inquiry into the activity of the Slovak Interior Ministry since 17 November 1989 was discussed in camera following a two-hour break. The session continues today.

[Prague LIDOVE NOVINY in Slovak on 5 November on pages 1 and 12, under the headline "Slovakia Is Constitutional," carries a 400-word "(hri)"-signed report on the same SNR session. The report contains the result of the vote on whether to drop discussion on the three constitutional laws from the Council's agenda. According to the report, "the proposal put forward by I. Carnogursky was adopted by a single vote (70 in favor, 49 against, and 19 abstentions)."]

Finance Minister Views Slovak Budget Situation

AU0511185691 Bratislava PRAVDA in Slovak
31 Oct 91 p 2

[CSTK report: "From Surplus to Deficit"]

[Text] Yesterday's meeting of the Slovak National Council's National Economic and Budget Committee noted that the Slovak Republic's budget achieved a current surplus in the first half of the year, despite the Slovak Republic Government's approval of 6.5 billion korunas worth of expenditures over and above the originally set volume of budget expenditures. According to Slovak Minister of Finance Jozef Danco, the budget economy was influenced in the first half of the year by some favorable factors. But even then, it was unrealistic to expect that this favorable development would continue. At present, J. Danco continued, the Slovak Republic's state budget shows a deficit of 2.5 billion korunas. He did not qualify it as dangerous because it concerns only the fulfillment of the treasury [pokladnicne plnenie]. He briefed the deputies on two alternatives for the development of the budget in the remaining months of the year. The more pessimistic of the two alternatives anticipates a budget deficit of 3 billion korunas. In connection with reports on the drafting of republican and federal budgets for next year, Minister Danco stressed that "I do not want to accept the philosophy of someone bribing us for preserving the common state."

Slovak Government Discusses Welfare, Subsidies

AU0611124991 Bratislava NARODNA OBRODA
in Slovak 2 Nov 91 pp 1-2

[Alexander Szabo report: "Social Net Patched Up: The Slovak Government Approved Increases in Minimum Wages, Pensions, and Family Allowances"]

[Excerpts] Bratislava— Yesterday's session of the Slovak Government was, as usual, packed with problems; this time, the government had 35 items on its agenda, including items of such importance and relevance to the entire society as the draft principles of the law on financing social insurance and the principles of the CSFR Government's policy toward national and ethnic minorities.

As Prime Minister Jan Carnogursky stated at a press briefing, the proposed principles deal with the issue named last in such a way that the federation and Slovakia have nothing to be ashamed of and can present these principles to international forums. According to his words, the government did not discuss the issue of Slovak Interior Minister Ladislav Pittner's possible dismissal in connection with the events at the 28 October rally in Bratislava, in view of the fact that the security forces proceeded correctly. [passage omitted]

Following the revision of the original draft of June, the government approved, with comments, the draft principles of a Federal Assembly law on financing social insurance, which provides for the separation of social insurance from the state budget. It approved the Federal Assembly bill on increasing pensions in 1992. If passed by the Federal Assembly, the lowest pension representing the sole source of income should be raised from 1,580 korunas to 1,760 korunas for individuals, beginning from 1 March 1992, and from 2,620 korunas to 2,920 korunas for couples. Other pensions are to be raised by between 50 and 290 korunas. According to information imparted at the briefing by Helena Wolekova, Slovak minister of labor and social affairs, the government also approved an increase in the family allowance from 900 to 1,100 korunas a month, as well as a one-time "Christmas" allowance of 1,000 korunas per child. The government gave its consent to amending the minimum wage decree. The minimum wage will be raised to 2,200 korunas a month, with retroactive effect from 1 October. [passage omitted]

The government took note of the principles and orientation of policy on subsidies in agriculture and the food industry in 1992. As Minister of Agriculture and Food Jozef Krsek said at the briefing, next year it will still be necessary to regulate, by means of quotas, the production of milk, beef, and wheat, to head off an excessive surplus or shortage, of these products. It will also be necessary to make use of the instruments of price policy. [passage omitted]

[The Slovak Government session is also subject of correspondents' reports in Bratislava PRAVDA in Slovak and Prague CESKE A MORAVSKOSLEZSKE ZEMEDEL'SKE NOVINY in Czech on 2 November. The 100-word ZEMEDEL'SKE NOVINY report, which deals solely with the discussion on agricultural subsidies, notes that "the principles of the Slovak Government's policy on agricultural subsidies for next year differ from the principles in the Czech Republic. They provide for optional extra payments according to soil and economic conditions, in the interest of the ecological stability of the landscape, and for quotas and minimum prices for milk, beef, and wheat. Slovak agriculture demands from federal bodies 6.1 billion korunas as a condition for the functioning of a single market on the entire CSFR territory." The 700-word Bratislava PRAVDA report specifies that "the volume of subsidies for agriculture and the food industry will total 10.2 billion korunas in 1992, 2 billion korunas more than this year." It also

includes the following passage: "At a press briefing Prime Minister Jan Carnogursky commented also on foreign press reports about the CSFR's problems with nuclear waste. He said that these problems were a subject of his meeting with the mayors of towns and villages near Jaslovské Bohunice, which is the site of a so-called intermediary dump for spent nuclear fuel. This is the normal practice in other states as well and is intended to cut short the passage of spent fuel, which, after some time, is shipped to the Soviet Union for further processing. These shipments continue also this year and negotiations are underway on the extension of this contract. Jan Carnogursky responded with astonishment to the question of whether the storage shaft at Jaslovské Bohunice had been built from porous concrete, which at least the power station's director ought to know."]

Results of 2 Nov Interior Minister Talks Reported

AU0611160191 Prague LIDOVE NOVINY
in Czech 4 Nov 91 p 8

[“(ert)”-signed report: “Two Border Police Corps”]

[Text] Prague—Two border police corps in Slovakia and one common police committee that will decide jurisdiction over solving serious criminal cases—this is approximately how we could characterize the result of Saturday's meeting of three interior ministers in Bratislava—J. Langos, T. Sokol, and L. Pittner. The meeting was convened at the suggestion of the Slovak side, which demanded that it assume some powers of the Federal Ministry of the Interior. Czech Republic Minister T. Sokol provided information to LIDOVE NOVINY about the results of the meeting, which will continue on 5 November.

According to a report acquired by our paper a few hours before the beginning of the meeting, the Slovak side demanded, as recently as last week, that it should take over the Federal Interior Ministry's jurisdiction in the following areas: protection of borders, the fight against terrorism and drugs, issuing travel documents, and the sphere of communication, computerization and record keeping. They also expressed a desire to retrieve, gather, and process information important for the protection of the constitution, democracy, and the safety of the republic. In other words, a demand was made to establish a Slovak intelligence and counterintelligence service.

Late in the afternoon on 2 November, after his return to Prague, Minister Sokol provided us with following information about the results of the meeting in Bratislava:

During the negotiations, an agreement was reached whereby there will be two border police corps serving jointly on the Slovak section of our borders—federal and Slovak police corps. The federal corps will have jurisdiction over issues linked to the fulfillment of CSFR international obligations. Agreement has also been reached on jurisdiction over the fight against terrorism, drug manufacturers, and smugglers, and over the entire sphere of organized crime involving foreign countries.

Jurisdiction will not be divided beforehand, and a joint police committee in the form of an administration center will be the arbiter deciding whether federal or republican units will be deployed. This center, equipped with computers and communication technology, will decide, case by case, whether jurisdiction will be given to republican or federal units or, whether all will jointly work on it. Both agreements are general and in a raw state. Republican bodies will pass judgment on them.

The meeting of three interior ministers will continue 5 November in Bratislava. Jurisdiction over record keeping, communication, and computerization are on the agenda.

Hoffmann Explains Need for Strategic Planning

AU0711083391 Bratislava NARODNA OBRODA
in Slovak 4 Nov 91 p 12

[Reprint of an interview with CSFR Deputy Prime Minister Pavel Hoffmann by the weekly, PROFIT, published in PROFIT No. 43; place and date not given: "Strategic Planning—Inevitability"]

[Text] Pavel Hoffmann granted an interview to the renowned weekly PROFIT for the first time as a CSFR deputy prime minister:

[PROFIT] Who will take over responsibility for drafting long-term economic policy? That is, who will take over the activity of the abolished Ministry for Strategic Planning?

[Hoffmann] This problem has not been solved in detail. I should take with me a group of economists specialized in macroeconomics whose task will be to outline for the government the strategic orientation of development. Another part of my former ministry will probably come under the Ministry of Economy. I think it is inevitable that we will have to pay attention to strategic planning, since individual ministries, no matter how strong their good will, have their strategic vision limited by their own sector, while strategic planning requires a comprehensive and balanced overview. One important question remains: Who will administer the area of science, research, and information technology on the federal level? It was suggested that a Council for Science and Technology be established that would become an umbrella organization for this area.

[PROFIT] The criticism about the well-known disparity between the koruna's buying power and its exchange rate persists. There are problems arising from this disparity, in border regions in particular.

[Hoffmann] We have to decide what is more important to us. Whether it is important that a few hundred specialists are working abroad or that industry is capable, to a certain degree, of competing under these conditions. A few hundred people are only of marginal interest to us, but the fate of our industry is what matters to us. If we changed the exchange rate by revaluing the koruna, the absolute majority of our enterprises would lose the capability to export, we would lose a source of foreign currency, we would be unable to preserve the koruna's internal convertibility, and we would be forced to retreat from our reformist endeavor.

To stimulate dynamism at any price—dynamism that is influenced by two factors today: by the transformation process and by an improper structure and low efficiency—would be suicide. Not a single problem would be solved, since it would mean maintaining the current situation, and subsidies would become inevitable. Now, there is a second side to the coin that is important: Too extensive a reduction of output could endanger the transformation, since state income could become lower than that necessary for the transformation process to run. I believe that there is another anomaly that has appeared—the decline in industries where decline would be desirable has not taken place, but it has taken place where it is not desirable.

Funding for Mochovce Nuclear Power Plant Secured

AU0611210491 Prague LIDOVE NOVINY
in Czech 5 Nov 91 p 3

[CSTK report: "The Power Plant Will Be Built"]

[Text] Mochovce—The financing of the construction of the Mochovce nuclear power plant is secured for this year by a government guarantee. "As the investor, we have borrowed the sum of 3.6 billion korunas from the Czech and Slovak banks, and we will cover the remainder by a foreign loan in the amount of \$159 million," Rudolf Kvetan, director of the state enterprise, Slovak Energy Enterprise, announced yesterday.

Horn Comments on Regional Security, SFRY Conflict

AU0611114291 Budapest NEPSZABADSAG
in Hungarian 4 Nov 91 p 4

[Interview with Defense Minister Lajos Fur by Jozsef Hazafi; in Tamasi on 2 November: "We Are in a Special Situation"]

[Text] Lajos Fur participated in the unveiling of a World War II memorial in Dunaszentgyorgy and Gyonk in Tolna county on 2 November. He then gave a lecture on military policy issues in Tamasi.

In connection with the recent incident that took place in Barcs, Lajos Fur said that an examination by an independent international committee could provide proper answers to questions that are still open. Among other things, Lajos Fur also said that we have reached a special situation: The Warsaw Pact has been dissolved, occupation forces have left Hungary, and from this point on, the Hungarian Army has been facing a huge burden. The big question is whether, by increasing our economy's performance, we will be able to supply the armed forces with adequate equipment.

After the lecture, Lajos Fur answered our questions.

[Hazafi] People are afraid along our southern borders. Will we be able to stay out of the Yugoslav conflict?

[Fur] We must stay out of it whatever the circumstances.

[Hazafi] The Western world in general, and the United States in particular, do not quite understand what is happening in the center of Europe. Do they really fail to understand that this area is a potential hotbed of conflict?

[Fur] It is characteristic of Americans to continue to think in terms of blocs, namely that there was a Soviet bloc and there is still a Soviet bloc today. They do not seem to notice the radical change that has taken place in this area in the meantime. They fell into a rut waiting for something to happen for 70 years, and now they do not know what to do with it. Europe is different. Western behavior is largely affected by the fact that they do not know what will happen to the Soviet Union and to Russia. Their behavior will continue to be cautious as long as they lack the real answers to these questions.

[Hazafi] As I interpret your words, we could easily be left on our own in this potential hotbed of conflict, just like in the many European conflicts in the course of our history.

[Fur] Fortunately, there is not such a danger to warrant urgent assistance. I do not think we would be left on our own, but I would prefer the conflicts to leave us alone. One thing is certain, it is very difficult to have military contact with NATO because they have a totally different

army structure and equipment. We need several years and a lot of negotiations for the emergence of a so-called NATO defense umbrella.

Civil Defense Prepares Border Evacuation Plan

AU0611110291 Budapest MAGYAR HIRLAP
in Hungarian 4 Nov 91 p 1

["Zs.F."-signed report: "They Have Prepared for the Evacuation of Ten Border Villages"]

[Text] Hungary's civilian defense is making preparations for the possible evacuation of 10 communities along the Hungarian-Yugoslav border, in Bacs-Kiskun county. Plans have been worked out in collaboration with the mayors of the local communities so that the communities are prepared if the civil war in Yugoslavia should endanger the security of the population living in Bacs-szentgyorgy, Bacsszolos, Csikéria, Gara, Hercegszanto, Katymar, Kelebia, Madaras, Tompa, and Kunbaja. The most endangered communities have been included in the county's civilian defense radio network, and hourly reports are made to the command points.

There is no immediate need to use the plan, but preparations have nevertheless already been made to accommodate the evacuees. Apart from an organized evacuation, the plans also mention the possibility of a spontaneous evacuation. The city headquarters in Kiskunhalas, Bacsalmás, and Baja hope that there will be no need to take the plans out of the safe.

Gas Masks To Be Made Available

AU0611110591 Budapest MAGYAR HIRLAP
in Hungarian 4 Nov 91 p 1

["B.J."-signed report: "Gas Masks Were Prepared"]

[Text] During the morning of 3 November, Hungarian Civilian Defense experts made preparations for the possible distribution of gas masks, after hearing reports on the use of chemical weapons during fighting in Croatia.

According to their plans, the population in Bacsalmás and four other communities would have been issued with protection equipment, but the action was called off by the afternoon. In answer to MAGYAR HIRLAP's question, Colonel Ervin Szasz, officer on duty at the National Headquarters of Hungary's Civilian Defense, stated that no central order had been given to distribute gas masks.

After hearing about the fighting in Croatia, the headquarters simply called on the local units to verify the gas masks in stock and to check their condition.

Border Residents Protest Plan

LD0611223291 Budapest Kossuth Radio Network
in Hungarian 2100 GMT 6 Nov 91

[Report from Baja by correspondent Jozsef Orosz]

[Text] The self-government of Tompa, which has a population of 5,000, is protesting because the civil defense is planning to evacuate the settlement's population because of fighting in Yugoslavia.

The representative body is also indignant because of the form in which action is being taken. What happened was that on Sunday morning, the command of the County Bacs-Kiskun civil defense instructed the mayor of Tompa to distribute gas masks among the people. However, it emerged that there were only 650 gas masks in total in the 5,000-strong settlement, and there was no plan whatsoever in the mayor's office for calling an alert or evacuation in such cases.

Nor does anyone know whether the county or the national civil defense might have consulted with a member of the settlement's self-government. A competent official in the representative body also said that in the other nine villages in the southern part of County Bacs-Kiskun, whose evacuation is also planned—perhaps 40,000 may be affected—the local leadership was not informed about the plans.

In any case, the people of Tompa reacted with indignation, because as they said, in the Yugoslav-Hungarian border region, traffic is normal. They do not sense even a trace of the Serbian-Croatian crisis. There has only been panic since the plan was leaked. The people of Tompa stormed the local savings cooperative in order to withdraw their savings.

The competent official in the local representative body stated with irritation that they expected not panic mongering, but defense, if there was real trouble. The local self-government has sent its protest to the settlement's National Assembly deputy, Laszlo Horvath of the Smallholders' Party, so that he can raise the matter in parliament.

Horn Views Helsinki Process, Regional Instability

AU0611104391 Budapest NEPSZAVA in Hungarian
2 Nov 91 p 3

[Interview with Gyula Horn, chairman of the Hungarian Socialist Party, by Katalin Decsi; place and date not given: "Let There Be No New Iron Curtain"]

[Text] Gyula Horn recently stated that the countries of central and eastern Europe should initiate the restructuring of the Helsinki process. Our correspondent asked the chairman of the National Assembly's Foreign Affairs Committee to expand on this idea.

[Horn] I disagree with those who claim that the Helsinki Final Act harmed Europe. I think it made an extremely important contribution to the spreading of human rights in

our region. However, today we are faced with a completely new situation: An enormous change is taking place in central and eastern Europe and huge tensions are arising together with this process. Nevertheless, I would note that the same tensions also exist in Western Europe.

The Helsinki Final Act lays down important principles and recommendations. However, these principles are not at all binding. Any state can declare (and some have been known to do so) that this or that principle represents an interference in its domestic affairs, and it can disregard the principles formulated in the pan-European process. That is what Ceausescu, Honecker, and Jakes did, as well as the former Soviet leadership, and we could carry on with the list. We often failed to achieve results because we were hindered by the principle of consensus (complete agreement).

The fundamental prerequisite for the creation of a united Europe is that a democratic transition take place not only on paper but also in actual fact in the eastern half of our continent. We have to ensure that sanctions are pronounced against those states that violate pan-European principles. That is precisely why we should widen the principles laid down within the framework of the CSCE, making these principles binding.

I do not think it likely that (for example) the tensions in Romanian-Hungarian relations—particularly the serious problems linked to national minority affairs—can be solved on a bilateral basis. However, if the Helsinki process would progress as planned, it could serve as a solution to the problem. For all this, we need to implement a principle that is fundamental to all integrationist organizations, namely a majority decision. If the majority says "yes" to something, we can start implementing the decision.

[Decsi] Would the countries in our region agree to this?

[Horn] I am sure that an overwhelming majority would agree with this idea. I cannot name a country in our region that would not like to join the European integrationist organizations. However, it is not enough to say this in words. Countries need to prove this willingness through policies implemented in practice, like securing national minority rights.

For example, let us look at the Yugoslav crisis. The warring sides (particularly those that are conducting nationalist policies) can calmly exceed European expectations and continue with their war. The pan-European handling of the issue (or, to be more precise, the failure of this handling) shows that "reproachful" solutions do not lead us anywhere.

[Decsi] In other words, you think that Europe does not know how to handle its problems?

[Horn] It is quite simply incapable of solving these problems. I do not know where the next crisis (or even

war) will erupt. How will Europe relate to it? For example, I could imagine Western Europe, from Austria onward, blocking its borders to stop the crisis from spreading any further. Then we would have a new division and an iron curtain instead of a nascent united Europe.

At the moment, the region of central and eastern Europe is completely unpredictable. One cannot predict where the domestic tensions and clashes in Romania will lead. Relations between Czechs and Slovaks are also becoming increasingly tense. Events in the Soviet Union are unpredictable. NATO's general secretary recently spoke about the danger of a new coup.

We are facing a bitter road, but we should at least set off on it.

Deputy Sets Basic Principle of Security Policy

LD0611191391 Budapest MTI in English 1841 GMT
6 Nov 91

[Text] Budapest, November 6 (MTI)—Hungary is to shape its security policies according to the Helsinki Final Act and international requirements irrespective of developments in Yugoslavia. As Hungary has no enemies, the basic principle of its security policy is of defence and protecting its sovereignty. Foreign Affairs Committee Deputy Chairman Gyorgy Csoti said after a closed session of the foreign affairs and defence committees today.

The issue of the recent bombing of Barcs (south Hungary) reportedly by a Yugoslav aircraft was not raised at the session but is expected to be discussed by the government tomorrow, Csoti said. He also said, an investigation into the bombing incident prove that the Yugoslav Federal Army has access to the type of military devices used at Barcs. Yugoslavia denied they possessed the type of shells dropped on Barcs.

Talks With USSR To Settle Trade Debt

LD0611170491 Budapest MTI in English 1552 GMT
6 Nov 91

[Text] Budapest, November 6 (MTI-ECONES)—A fresh round of talks is to be held in Budapest next week about settling the Soviet Union's trade debt to Hungary, a National Bank of Hungary (NBH) official told MTI today. The official said that, according to NBH calculations, a Hungarian surplus of 2.457 billion roubles has been accumulated in trade with the Soviet Union since 1987.

Under an earlier agreement between the two governments, the sum should be converted into dollars at a rate of 92 cents to the rouble. The NBH and Vneshokonombank [Bank for Foreign Economic Activity] of the Soviet Union have not yet reached an agreement about the final dollar sum, though. Several items, worth a total of 100 million roubles, are still being disputed.

The bank of international economic cooperation and the international investment bank will have a meeting in Budapest next week, and the Soviet delegation wants to seize the opportunity to have talks with Central Bank officials here. The parties will first have to reach an agreement about the size of the Hungarian claim, with agreement on the ways and means of settling the debt following later.

Hungary wants the Soviet party to start paying up as soon as possible, and would like payment to be completed within two to three years. Meanwhile, the NBH wants to charge the normal money market interest rate on the Soviet debt. The Soviet side is against this method, arguing it was the rule in Comecon trade that member countries used each other's surpluses free of charge. The Soviets want to spread payment of their debt over five years.

Finance Minister Addresses National Assembly

LD0611071891 Budapest Kossuth Radio Network
in Hungarian 1725 GMT 5 Nov 91

[Address by Finance Minister Dr. Mihaly Kupa to the National Assembly in Budapest—live]

[Excerpts] Esteemed House! [passage omitted] I would like to point out a few things to you in order to clarify the government's intention, or rather the possibilities which are at the disposal of the government. [passage omitted] Let me tell you, however, as a positive result, that we managed to even out the country's foreign balance of payments. It looks as if, even at the very worst, we will close with a zero balance instead of a 1.2 billion forint deficit.

I know that this was underplanned, but even so this signals a considerable improvement, which is not the result of planning, but of the Hungarian economy's ability to transform and its productivity. Another positive phenomenon is that the number of ventures, private and joint ventures alike, that are rapidly increasing and, miraculously, even privatization started to speed up in the second half of the year. Thus, it means that the healthy sector of the economy develops quickly and this counterbalances, or partially counterbalances, the losses of the vast, cumbersome, and unprofitable organizations.

The negative factor is that, although we are in control of expenditures of the budget, due to the fall in earnings and productivity, the budget deficit at present is more than 90 billion forints, which is not a very encouraging sign, and social security is also in difficulties. Well, this is the basis from which we began in 1991. [passage omitted]

In 1992, we believe that by having an even balance of payments we will be able to reduce our debts in a way that the involvement of foreign capital will exceed our

interest payments. Thus, for the first time we will not lose assets in the country, Hungarian assets will not leave the country.

We estimate, although many doubt this, that the rate of inflation can be reduced. We estimate it will be 20-25 percent, although it could be 22-26 percent, which is also a good result. Thus, prices will not be rising so rapidly, for there will be no central price increases, and we hope that outside shock effects will spare us, although the Russians want to increase the price of energy next year.

So the productivity of the economy itself, through the development of market conditions, the demand economy, and the balance of supply and demand will be established in many fields.

We believe that in 1992 unemployment will further grow. We will not be able to stop unemployment by the beginning of 1992. This figure will obviously be high. However, we will be able to open up new markets and opportunities by joining various integrations, and we will try to partially regain our Eastern markets, if not by any other means, at the level of republics.

The third point is that we rather want to encourage the change of ownership relations and privatization. The change in ownership relations will be facilitated by the compensation law, since the affect of this will show clearly by then, and privatization will facilitate the establishment of a number of privatization solutions. We hope that the confidence of the foreign markets will be at least as strong as it has been up until now. [passage omitted]

Furthermore, one of the questions for 1992 is regional policies and the fight against unemployment. Finally, I have to say that 1992 will be the beginning of agricultural transformation and hopefully, we will also be able to transform the sphere of the humanities, for these areas are worth financing when their tasks and functions are a lot clearer.

Thus, this is what 1992 should be like. Of course, you could rightly say that if we are doing so well in 1992, why do we have such a miserable budget? Well, the reason for this is as follows: We were guided by two motives. One is that we do not want to increase the withdrawal of funds from the population and from the economy. [passage omitted: refers to the figures in the budget and says the government does not want to increase taxes and expenditures unreasonably, and it also wants to improve the situation of self government]

Thus, regarding current expenditures, we aimed at development and renewal rather than keeping it level.

Money grants for the population are increasing quicker than budget expenditures. As for the central budget, we will not increase expenses by billions, but we will increase expenses for three areas: Justice, for the legal order that the state is currently shaping. An administrative court is necessary. [passage omitted]

The second is security and defense which I do not have to explain now, and public security, that everybody here in this parliament agreed should be increased. We have bought policemen with the money for development, policemen, for that is what we need.

In the humanities, we have stressed higher education. Those are the priorities. [passage omitted]

Some more things, very briefly. In the budget we have built incomes from privatization, and several people object to this. The first thing I would like to say is that the state is continuously losing out on the privatization process. [passage omitted] We have put in incomes from privatization, because we did not want to raise taxes. The other reason is that if you look at the 1992 budget you will see that it is full of extraordinary expenses. These extraordinary expenses include the number 3 bill on compensation, which will be submitted here, for those who lost their life or were restricted in their personal freedom: six billion forints. World Expo—I do not yet know how much, it will turn out. The Gabcikovo-Nagymaros [dam], which was mentioned here, but not in that respect; it has not been calculated yet, I do not know how much it will be. The Soviet troops withdrawal, and I could go on.

Finally, I think that using privatization income is also right because we would like to spend it on creating jobs, on employment, and I think this is the cheapest solution. [passage omitted]

Finally, I very much appreciate that the National Assembly, despite the delay, has discussed these directives or briefing or resolution so quickly, thus it has made it possible for us to submit a detailed budget by the end of November. It has not been completed yet, because we wanted to hear your views here. [passage omitted]

And really finally, forgive my very long speech, but my speech will be much longer when we will be submitting the detailed budget, with thorough reasoning. And I have a good intention, I feel that everybody wants to improve, not my situation [laughter], but the country's situation. And do not be upset if now I say plenty of no's, for, apart from Mr. Csépe's amendment proposal, we will probably not adopt anything else. Thank you very much. [applause]

Alternative Source of Oil Imports Explored

LD0611233691 Budapest MTI in English 1252 GMT
6 Nov 91

[Text] Budapest, November 6 (MTI-ECONews)—As oil deliveries via the Adria pipeline have recently dried up, Hungary has to consider ways and means of linking up with the Western European pipe network. Joining the Austrian pipeline, which transports raw material for Schwechat refinery from the port of Trieste, would appear to be the most reasonable choice.

Hungary could import about 2 million tonnes of crude a year via this pipeline, Pal Ligeti, head of the Energy Supply Department at the Hungarian Ministry of Industry and Trade, told ECONEWS this morning.

Mr. Ligeti explained that the government's energy concept should first be amended to bring it in line with this scheme: Until now, the long-range concept has taken alternative Western energy sources into consideration only in the area of natural gas and electricity supply, relying for the country's oil imports on the friendship pipeline from the Soviet Union, and on the Adria pipeline, which starts from Omisalj, a port in Yugoslavia.

Linking the Austrian and Hungarian pipelines would take a few years. For the moment, not even rough estimates are available about the costs involved.

Ligeti disclosed that Hungary cannot afford a further drop in its strategic reserves of crude and oil products. The country's current reserves would be sufficient for 20 to 30 days, whereas earlier, reserves could have met consumption needs for 40-45 days.

The ministry official said that in an emergency, Hungary could import oil by rail from Rotterdam, but the import of oil products would also technically be feasible from any oil refinery in Western Europe. The latter solution would, of course, involve extra costs, and unused capacities at Hungarian oil refineries would also bring losses, Mr. Ligeti added.

Maxwell-Owned Press To Continue Publication

LD0611154691 Budapest MTI in English 1440 GMT 6 Nov 91

[Text] Budapest, November 6 (MTI)—All Hungarian dailies carry front-page reports about the mysterious death of British press tycoon Robert Maxwell.

Maxwell's representatives in Hungary announced on Tuesday that all Hungarian Maxwell concerns will continue their activities. Robert Maxwell holds a majority stake in the Budapest daily "MAGYAR HIRLAP", is co-owner of the afternoon daily "ESTI HIRLAP", and the East European investment fund, marked by his name, possesses 30 per cent of the shares of the Hungarian Kontrax companies, total value, 10 million dollars. Moreover, the fund has a 10-million-dollar interest in Budapest's Muszertechnika (Instrument Technology) Ltd.

In an interview with the Wednesday edition of the business daily "NAPI VILAGGAZDASAG", Gabor Dicso, president of Kontrax Holding, says that Maxwell's personal involvement in the East European investment fund amounts to 25 million dollars, with the greater part of the basic capital held by major Japanese funds. Maxwell has never occupied the leading positions in Kontrax due to him, nor has he intervened in the company's business affairs, the president of Kontrax Holding added.

Director of Social Democratic Party Resigns

LD0711032191 Budapest Kossuth Radio Network in Hungarian 2300 GMT 6 Nov 91

[Text] The director of the Social Democratic Party of Hungary [MSzDP] has resigned, since the State Audit Office considers (Laszlo Lugossy) responsible for abuses within the party. After the investigation by the State Audit Office, Anna Petrasovits, party chairman, admitted her own responsibility, inasmuch as she failed to carry out stricter control. For this reason, she announced that the party would begin tidying up internally, and she requested an investigation by the prosecution in order to shed light on who was abusing confidence and pilfering the party's assets.

Walesa on Election, Reforms, Prime Minister Post

AU0611152491 Warsaw RZECZPOSPOLITA
in Polish 31 Oct-1 Nov 91 pp 1-2

[Interview with President Lech Walesa by Dariusz Fikus and Maciej Lukasiewicz; place and date not given: "What Sort of Idea For This Difficult Time?"]

[Text] [RZECZPOSPOLITA] Mr. President, when you made your first comments on the election results, you said that society is not opposed to the reforms, it is merely opposed to the price of these reforms. But the reforms must continue, and the price must be paid. Does that mean that the reforms must be slowed down and prolonged indefinitely?

[Walesa] The reforms must be speeded up. Rapid privatization is necessary. Of course, it depends on the experts as to in which order the privatization should take place, but privatization, as such, must take place, and it must do so more broadly and more quickly. Privatization is at the same time a stopping of the recession. It is also necessary to deal with unemployment. Balcerowicz is a good man, and his program is a good one. But, as I have said many times, he should have a twin brother who would follow in his footsteps and clear up the damage he has caused—for instance, help the unemployed instead of leaving them to their fate.

The program of reforms must contain room for further legislative reforms and improvements in security. Although we already have a reform program, its implementation should be accompanied by a rejection of petty political squabbling.

[RZECZPOSPOLITA] What do you think are the consequences of the fact that as many as 60 percent of Poles did not vote?

[Walesa] I am speaking in practical terms, not as a theoretician. These 60 percent are also in favor of the reforms, but they did not like our political style. Even if we had obtained miserable results, but nevertheless tried to solve their problems, they would have accorded us their understanding and support. By not taking part in the elections, they said to us: Solve our problems; otherwise we will not play the game with you.

[RZECZPOSPOLITA] The Alliance of the Democratic Left has already thanked you for your help in the election campaign. By announcing a communist threat at the proverbial five minutes before twelve, you stirred into action not that part of the electorate in favor of the reforms, but all those who might have felt threatened.

[Walesa] I performed this somewhat ruthless and brutal maneuver, but I did not want to stir the electorate into action, rather to warn society about what will happen and what may happen. It was necessary to be on one's guard. Remember the communists' earlier successes. They used to have 99 percent of the vote, not 11 percent. Therefore, this is not their success. However, it is true

that after 50 years in power they are clinging to life. They are still present, and they will be for a long time yet.

[RZECZPOSPOLITA] In your interview for ZYCIE WARSZAWY several days before the election, you said that if you fail to come to terms with the new parliament, and it was already obvious that the new parliament was going to be very fragmented, you would resign from public office. The first post-election commentaries on Monday suggested that the new Sejm was not going to last long and that the president would dissolve the Sejm and call for new elections in the spring. Finally, yesterday there appeared three, and later four, proposals on forming a government. Does this mean you are seeking a middle path that avoids radical moves?

[Walesa] Sometimes I talk as a free, tired citizen, and sometimes I talk as president. That does not mean I keep changing my mind. It depends on the occasion. When I talk as president, I am obliged to consider solutions. My departure is possible and probable. But on the other hand, I do not think this parliament will act against itself. If it wants a long life, it must create the right conditions for the government's work. The government must have at least two years of life. If the parliament disagrees, then it will indeed only last a short while because, in that case, the 60 percent who did not vote this time will say "enough" and, together with the president, will deal swiftly with those who neglected their duties.

[RZECZPOSPOLITA] Which of the four proposals on forming a new government do you prefer? Do you think the new Sejm, the first democratically elected one in 50 years, will understand the need to strengthen the executive and surrender many of its powers? The two years of life for the government that you asked for also involve an increase in the government's powers at parliament's expense.

[Walesa] As far as the proposals are concerned, I do not prefer any one of them in particular. But I have a fifth proposal, which I will keep a secret for the time being. Politically, the Sejm has no choice but to help the government. After all, we are talking about a coalition government. The majority decides. We must learn to communicate on a party level, and that requires collective responsibility throughout. This is bound to be difficult, but we must learn to do it.

[RZECZPOSPOLITA] You have just finished talking to Tadeusz Mazowiecki, and before that you spoke to various politicians and party leaders. Did you discuss personnel matters and potential candidates for the government, or just general policy for the immediate future?

[Walesa] My talks are not finished. We have formulated four proposals, but I have other proposals in reserve. Nothing has been settled yet, so I have nothing to say about the results.

[RZECZPOSPOLITA] Who do you see as the new prime minister? Mazowiecki was your choice in the past.

[Walesa] I always adapt to reality. If I were to repeat the "roundtable" lesson with Mazowiecki, I would do so exactly. But, just like horses, people have to be adjusted to their load. A race horse cannot pull a truck. Mazowiecki was and is an excellent politician during a period of seeking a compromise and initiating a very complex reform. He is suitable as prime minister, when it is necessary to conduct negotiations once the struggle is over. But the new period requires ruthless, firm, and determined politicians who will not let themselves be intimidated. In a difficult period such as this, I fear that the talent of such a great politician could be wasted. So to do justice to Mazowiecki, and for the sake of my friendship with him, he should be prime minister only during a stable period. However, that is my personal view, and it is not necessarily correct. I could be mistaken.

[RZECZPOSPOLITA] What would be the practical effect of your becoming prime minister? Would it not be too much for one man to be president and prime minister?

[Walesa] We are seeking a good and effective political concept for a very difficult period. Only after the new constitution has been adopted will we be able to clearly define a Polish political concept. This constitution will be the product of democracy and will be based perhaps on the American model, or the French one, or the German one. The final choice depends on present circumstances, and I am, therefore, proposing political effectiveness by combining the offices of president and prime minister.

[RZECZPOSPOLITA] Which president would you like to be similar to? Bush, Mitterrand, or De Gaulle?

[Walesa] None of the three suit present circumstances. Today we need a president who, on the one hand, will not interfere with the nascent pluralism, especially inside parliament, but on the other hand, as chief executive, will act as a dictator.

[RZECZPOSPOLITA] By becoming prime minister, do you not run the risk of ruining your political record unless you achieve rapid results? Looking at Mazowiecki's and Bielecki's performance as prime minister, rapid results do not seem very likely.

[Walesa] I believe in rapid success by means of broad privatization and new jobs. We are in the stage of forming coalitions. Our duty right now is to form them.

[RZECZPOSPOLITA] You have suggested several ways of breaking the government deadlock. One of them involves giving some cabinet seats to former communists. How does one reconcile that with your previous philosophy of settling scores with them?

[Walesa] That is a great misunderstanding. If I mentioned the need to settle scores with communists, I meant rural districts, where the communists were and are still in power. Nothing has changed there because nothing could change, and there was no one to carry out

the changes. But the journalists transposed my words to the top levels of power, thus hitting at Mazowiecki, who has carried out a lot of changes. Like I said, this is a great misunderstanding.

My program does speak of the need to settle scores, but only with those who are guilty of crimes. I never said anything about collective responsibility. If we treat democracy seriously and consider various forms of government, what we need is something like a "roundtable," only in a new form. If 11 percent of the electorate voted for the Alliance of the Democratic Left, one cannot entirely exclude the left from government participation. The left has fought unemployment, so now they can show us what kind of citizens they are and what they are capable of doing.

[RZECZPOSPOLITA] Foreign commentaries are full of concern about the further development of the situation in Poland and the future of the reforms. Do you share this pessimism?

[Walesa] I said I am an optimist. Poland and the Poles know they have no choice, even those who did not vote know that. Sometimes they do not like the path that has been chosen and the price that has to be paid, but that is a different matter. The road we have embarked on is strictly one way. We still do not know the final price we will have to pay, or the time we will need to complete our task. But the direction is obvious. Common sense must triumph. One must not interfere; that is all. We might continue to argue, but the arguments will be smaller than they are in the British Parliament, for example. These are normal signs of emerging from an abnormal situation. It is too bad that the road is hard and that we must feel the pain.

Kolodziejczyk Urges Caution on Civilian Successor

LD0711024391 Warsaw PAP in English 2318 GMT
6 Nov 91

[Text] Warsaw, Nov. 6—Minister of National Defense, Vice-Admiral Piotr Kolodziejczyk said Wednesday that "very dangerous processes within the Army structures may occur" if his civilian successor proved to be incompetent.

According to Kolodziejczyk, the Army should be headed by "a politician who is cautious, (...) able to draw correct conclusions and translate them into the language of the Army."

The Polish Parliament tried to introduce amendments to the Polish law in order to make the national defence minister a civilian but failed. The new parliament is expected to adopt a law on changes in operation of the ministry.

Michnik Notes Collapse of 'Solidarity Myth'

AU0711115191 Warsaw GAZETA WYBORCZA
in Polish 29 Oct 91 p 1

[Adam Michnik commentary: "A Test in Responsibility"]

[Text] It was obvious that the great reform policy—from dictatorship to democracy and from a command to a free market economy—would be costly in social terms. It was also obvious that public approval for such a policy could only be obtained through a grand coalition involving the main political players. Meanwhile, instead of a compromise, what we witnessed was a war at the top, followed by the aggressive demagoguery of decommunization and finally, the exploitation of the church's prestige for election campaigning.

As a result, what we have got is the destruction of all that was seen as possessing authority, the collapse of the political scene, abstentions in the elections, and a fragmented Sejm. The reformist camp has suffered a defeat; the second great defeat after the success of Stan Tyminski in the presidential elections.

Does the blame for this lie with the deputies of the Christian-National Union and the former Polish United Workers Party, who steamrolled in the proportional representation electoral code? I do not think so. The problem with the parties is not about quantity but about quality. We had a sample of the standard of these parties during the election campaign and after the elections, and that is what prompts the most concern today.

Prime Minister Bielecki's camp lost as a result of a campaign that we know well from the war with the Mazowiecki government. It is a dangerous pattern—it is the way in which every government that undertakes a difficult policy of reform will be defeated.

No one should be pleased about the relative success of the Democratic Union, and no one should be horrified by the surprising success of the postcommunist forces or the Confederation for an Independent Poland. However, what must be considered horrifying is the first public confrontation between the main parties after the elections, a confrontation that was more reminiscent of a further stage of election campaigning than a debate between politicians who bear a sense of responsibility for the state.

There were no street fights during the campaign. However, the things that were said, the lies, slander, and threats charged with the hatred lead one to expect a further descent into barbarism rather than peace and a higher standard of politics. Lying has ceased to be something shameful; hatred is generally accepted.

The rhetoric of decommunization has made a serious discussion about the state with postcommunist forces almost impossible. The puerility that has become a part of politics since the presidential elections and consists in

making promises that cannot be kept has yielded results yet again. That is the only way I can explain the success of the postcommunists, the former United Peasants Party, or the Confederation for an Independent Poland. A miracle, but one promised by others, was what was voted for once again.

The scenario offering hope that was based around the "Solidarity" camp has collapsed. The persons possessing authority in that camp were rejected. Communist dictatorship failed to destroy "Solidarity" in ten years; the war at the top achieved that in one and a half years. Following these elections, "Solidarity" will only be a caricature of its own myth and dream of power.

The Lech Walesa myth has collapsed, along with the "Solidarity" myth. His appeals were not heeded. The high abstention rate and evident success of postcommunist groupings is the most tangible proof of that.

The political authority of the Catholic Church has also collapsed. Several times the episcopate called on voters to take part in the elections. Contrary to the bishops' earlier declarations, instructions to vote for specific groupings along with election list numbers were given from church pulpits. One bishop stated bluntly that a Catholic should vote for a Catholic, a Jew for a Jew, and a communist for a communist. What was the result of these appeals and declarations? The lists that priests indicated picked up the votes of about 25 percent of voters, that is, 10 percent of those eligible to vote. In Catholic Poland, only one Pole in ten listened to the bishops appeals.

What shocks the most is the general collapse of a sense of responsibility for the state. Parochialism, fanaticism, and demagoguery have gradually come to dominate Polish politics, and the parties that possess a strong sense of responsibility, the Democratic Union or the Liberal Democratic Congress failed to score any spectacular successes. Tadeusz Mazowiecki's declaration that he was ready to form a coalition government has been left hanging in the air. There is nothing to indicate that the Union will find a partner. There are two possibilities left: Either—as Jacek Kuron has proposed—the president appoints a nonpartisan cabinet of experts that would obtain the support of parliament, or pro-presidential groupings could form a coalition, and in conjunction with the Confederation for an Independent Poland, they could bank on having a majority in parliament.

However, it would be very dangerous if a philosophy of revenge were to provide the common basis for a pro-presidential government and the main proposal of its program would consist of obscure phrases about the Catholic state of the Polish nation and the inflationary printing of money. Poland would then face chaos.

The next few days and weeks will be a test for all political forces in responsibility for the state, but for President Walesa and his camp above all.

Stolojan Reports Economic Measures to Parliament*AU0611143291 Bucharest Radio Romania Network
in Romanian 1055 GMT 6 Nov 91*

[Report on Romania's economic situation presented by Prime Minister Theodor Stolojan at a joint Parliament session in Bucharest—live]

[Text] Messrs. Presidents, Messrs. Parliamentarians: I want to express thanks for the opportunity that was given me by the government to present a brief report to you that includes the government decision regarding immediate and subsequent measures that the government will take to implement certain objectives presented to the Parliament on 16 October 1991 in connection with the current economic situation.

As you can note, some of the government members are present here who, during the past weeks, participated day in and day out, so to speak, in preparing this decision. Likewise, Bank Governor Mugur Isarescu is also present, because the main point of this report refers directly to the forms of activity carried out by the National Bank. Thus, given this formula, I would like to ask you to agree that the relevant ministers should participate on 11 November as well, when discussions will be held, because, as you will note, there are problems that are directly linked to the areas for which they are directly responsible. Having said this, please permit me to begin.

Our country's economic stability and, within this framework, monetary stability are seriously affected at this time. There are two main factors acting in this direction: First, the acute energy shortage—crude oil, natural gas, power-generating coal and, hence, diesel oil, fuel oil, electricity—shortages that are directly felt by our people, by economic enterprises, public institutions, and by educational, medical, cultural, and administrative establishments. The country's energy needs are ensured as follows: 60 percent from imports and 40 percent from domestic sources.

Compared with the same period last year, the main energy suppliers' stocks are as follows, in percentages compared to the situation on 31 October last year: coal—97 percent compared with the situation last October and 81 percent of what was planned; fuel oil—24 percent compared with the situation on 31 October 1990 and 22 percent compared with what was envisaged in a minimum program; light liquid fuel—10 percent and 10 percent; diesel oil—15 percent and 15 percent. The water level of hydropower plant lakes is in a better situation, namely 75 percent compared with our program and compared with the same date last year (73.53) percent.

The immediate causes of the acute energy shortage for the winter are as follows: The deficit of hard currency resources generated by foreign trade and accentuated by the dual exchange rate system of the leu, which in the current stage leads to the deterioration of the foreign currency balance, encourages hard currency fraud, and

distorts economic decisions on the allocation of resources for investments and production; the extremely limited possibilities of the banking system and government institutions to mobilize, in a relatively short time, hard currency by means of foreign credits without taking any tangible measures to restore Romania's ability to pay its debts. These measures can be based solely on the principles of the market economy and on the current realities of the Romanian economy in transition, in the wake of the drastic reduction of overall foreign trade among the former CEMA member countries—which used to be conducted on the basis of clearing in convertible rubles and was not replaced by an appropriate increase in exchanges between these countries in convertible currency. Within this framework, an important decrease in the volume of energy imported from the former CEMA countries took place. Another cause is the absence of immediate prospects for solving the problem of Romania's foreign credits with regard to Iraq and other countries.

The following data on hard currency revenues and expenses resulting from import-export activity confirm the aforementioned affirmations:

The trade balance, namely between imports and exports, displayed a surplus of 2.4 billion in convertible currency in 1989 and a deficit of 1.8 billion in 1990 and, in the first nine months of this year, it displayed a deficit of \$1.2 billion while, during the same period last year, it displayed a deficit of \$1.1 billion. At the same time, imports in the area in which convertible rubles apply was 4.2 convertible rubles in 1990 and in the first nine months [of the current year]—and, as you know, this payment system is in the process of being eliminated—this form of payment in imports totalled 0.5 billion. Imports for convertible currency totalled \$5.4 billion in 1990 and, in the nine months of the current year, it totalled \$3.5 billion.

Consequently, bearing in mind that we do not get paid for all our exports because not all imports are paid for in the same period that imports and exports actually take place, the revenue and expense funds generated by import-export activity showed a surplus of \$2.4 billion in 1989 in terms of convertible currency, a deficit of \$1.6 billion in 1990, and a deficit of \$1 billion in the past nine months. This \$1 billion deficit in revenues and expenses is registered at the central hard currency fund—a system that appeared following the introduction of the dual exchange rate system; this deficit totals \$1.3 billion. Thus, the other side in the deal registers a surplus.

On 30 September 1991, our country's foreign debt—made up of medium and long-term credits—totalled \$940 million, of which a debt of \$211 million was incurred prior to 1989, while Romania's foreign debt commitment at this time totals \$1.4 billion, of which \$940 million represents the debt that was made to finance this balance of payments deficit, and \$501 million represents ongoing credits and credit contracts

under discussion such as, for instance, the loan for medical purposes that has been approved and is in the process of materializing.

An underlying cause for the acute energy shortage is as follows: very high energy consumption in the economy. The energy consumption per manufactured product unit in Romania is three to eight times higher than in developed countries, and it ranks among the highest in East European countries that belonged to CEMA. This situation was favored by undervalued energy prices. Further causes are the decrease in the productivity of crude oil, natural gas, and coal, because of both a natural decline and because of subjective factors, and because of the absence of measures for structural adjustments in the economy and for reducing the energy consumption level; and because of the rapid increase in the dependence on larger energy imports from approximately 30 percent in 1980 to 40 percent in 1989, and to some 60 percent in the energy balance at this time. In terms of millions of tonnes of crude oil, crude oil production in 1980 totaled 11.5 million tonnes; in 1985—10.7 million tonnes; in 1989—9.2 million tonnes; in 1990—6.9 million tonnes; while 1991 outputs are currently estimated at 6.5 - 7 million tonnes. There are similar, but less accentuated developments—with the exception of coal—that, for instance, in 1989 totaled 12.8 million tonnes in terms of crude oil; in 1990—6.7; and at this time is even lower. Further such causes are the existing delays in starting to retechnologize energy units in Turceni and Rovinari, and in finishing the first units of the Cernavoda nuclear power plant.

The second factor that affects economic stability is still inactive, but on the point of bursting with all its might upon prices. It was generated by the introduction in the Jiu Valley—beginning in September of this year—of a salary indexation other than the one that would have resulted from the salary-price correlation that is being applied throughout the economy and that does not take into consideration the possibilities of the economy at this stage, the lower productivity in the Jiu Valley, and the inequity created—compared with the mining sector, in general, and the other sectors of the economy. The scope of this factor is as follows: First, salary-price indexation is a basic element for ensuring economic stability for the September-December period of 1991. The characteristics of this correlation, as they have been envisaged, are as follows: a predictable increase in consumer prices by 36.3 percent. And, so far, prices are developing in accordance with this provision. The average salary indexation coefficient equals 40 percent compared with price increases, thus representing a 13.45 percent increase in wages, 16.3 percent in pensions, and 27.23 percent in social allowances. The differentiation in the indexation of salaries, pensions, and social allowances is designed to eliminate discrepancies that emerge and to achieve greater social protection for the least favored groups of the population. Within this framework, the third stage of the structural change in the price system of 1 July 1991, together with the salary-prices

indexation that I stressed above, has already led to the following increases: an additional 800 lei to the minimum monthly salary in the economy; 9.4 billion lei to the monthly salary fund in the economy; 2.4 billion lei to the monthly budget expenses for pensions and children's allowances; 40.8 billion lei to the budget subsidies for the second quarter, including 7.5 billion lei for raw materials in the mining industry, 6.8 billion lei for agriculture, and 25.5 billion lei for consumer goods and public services, whose prices will not change in accordance with the social protection program.

The deficit in the 1991 budget is expected to increase by 35.5 billion lei, compared with the 37 billion that has been approved.

The expansion throughout the economy of the breakdown in the conditions for economic stability that occurred in the Jiu Valley leads to the following increases in certain expenses in excess of those previously planned: 26.8 billion lei in the monthly salary fund in the economy; 12.7 billion lei in the monthly budget subsidies for the fourth quarter of 1991; and 6.4 billion lei in pensions and children's allowances, while the average gross salary is to increase by 2,300 lei a month.

Given this new situation, salary indexation will amount to about 37 percent, instead of the 13.43 percent that was envisaged and is currently applied throughout the economy, except for the Jiu Valley. Proceeding from the aforementioned conditions that ensured economic stability, the approximately 37 percent indexation increase across the economy would entail a more than 100 percent price increase for consumer goods and public services, rather than the some 36 percent that has actually been registered in the economy as of 1 July.

An examination of the aforementioned data and of other domestic and foreign information allows the government to draw several conclusions with regard to the tackling of the respective problems. First, one could adopt a passive attitude and let things just take their course. Such an attitude is dangerous and unacceptable, because it will certainly lead to the following: The real possibility of the collapse of the national energy system and the impossibility of ensuring minimum heating for the population over the period from November 1991-March 1992; the accentuation of social tensions due to discrepancies arising from indexation practiced in the Jiu Valley and the indexation practiced in the rest of the economy, with the inevitable breakdown of the price system and the propagation of the Jiu Valley effect throughout the economy. A passive attitude will certainly lead us to economic instability caused by the wage-price inflationary spiral and by the continuous deterioration of production.

A second attitude is to use a frontal approach when dealing with these problems, to immediately adopt measures to halt the deterioration of economic stability, and to prepare, in the forthcoming period, other measures that will gradually take us out of this situation of crisis and will also guarantee social protection in accordance

with the real possibilities of the economy, while striving at the same time to regain and maintain economic stability.

In view of the political will of the Romanian nation to continue economic reform, we consider the transition to the market economy in our country to be at a critical point: Either we choose the path of instability that, as the experience of other countries has shown, will lead to stagnation and economic involution—thus jeopardizing democracy itself—or we choose the path of economic stability that has proved to be the only way to eventually create conditions for economic growth.

The government has decided to take the path of economic stability; however, positive results can only be obtained through the cooperation of the whole of society. The government believes that there are real chances to overcome the difficult situation we are now facing, at the end of this fall and the start of winter, by immediately applying certain measures. In view of the various causes that erode economic stability now and in the near future, the government will take steps to ensure a minimum supply of energy over the short term and the recovery of the country's energy potential in the medium and long term; to reduce intensive energy consumption in the economy; and to prevent the devastating inflationary outcome of the spread of the Jiu Valley effect throughout the economy.

The government can allay the acute energy shortages only through energy imports. To this end, it must acquire hard currency resources. These currency resources exist domestically—in the accounts of various economic units, as a result of the prevailing dual exchange rate—and abroad, on the capital markets. Assuming that no internal or external events prevent Romania's access to these resources for other than specific economic reasons, our country can mobilize foreign resources within certain limits, provided it clearly proves that it is continuing along the road of democracy and market economy.

The only measure capable of mobilizing both domestic and external hard currency resources is the unification of the exchange rates and the introduction of the leu's internal and current account-limited convertibility. The arguments in favor of the immediate adoption of this measure can be summed up as follows: The dual exchange rate was suitable for a certain transition stage. Now, it has a negative impact on the economy. Aside from the aforementioned aspects—the distortion of economic calculations and decisions that encourage hard currency frauds and the deterioration of the currency equilibrium—the dual exchange rate accentuates the inflationist pressures by: expanding financial blockage due to the proven tendency of economic units to hold on to currency reserves and obtain the necessary resources in lei by exceeding their banking credit limits and by delaying payments or not even paying their obligations toward suppliers; and conducting imports at the inter-bank rate of much over 200 lei to the dollar, with the ensuing increase in production costs and prices.

Second, the dual exchange rate system, with its inherent central currency fund, can no longer ensure the allocation of currency resources, in view of the unlimited and ever growing demands for resources from this fund, and the offer is limited to 50 percent of hard currency revenues flowing into the Savings Bank. Since the allocation of currency resources from this currency fund is basically an administrative measure, it cannot be done in an orderly manner without the existence of an all-encompassing planning and decision-making administrative system—something that runs contrary to the principles of the market economy. Consequently, the allocation of monetary resources is currently being done on the basis of the degree of urgency, pressures, and so forth.

Third, one of the effects of the unification of the exchange rates on the economy, namely the increase of the price of imports in lei—with its resulting impact on the overall level of prices and on the indexation of wages, pensions, and social allowances—is relatively equal to the impact produced by the general application of the Jiu Valley effect throughout the economy. Consequently, the government estimates that, at this stage, the only reasonable way is to put an end to the Jiu Valley effect in the Jiu Valley itself, by considering it as part of the forthcoming salary indexation following the unification of the exchange rates.

Fourth, our country's future depends on Romania's efficient integration into the European Economic Community and into the international community. This integration can only be achieved by ensuring political and economic freedom. All countries bordering Romania, except for the Soviet Union, have introduced the domestic convertibility of their national currencies with various limitations. Romania cannot postpone the adoption of this measure without again risking economic isolation, brought about by the seriousness of imbalances that can no longer be mastered unless one first limits economic freedom and then political freedom gradually.

Fifth, without the unification of the leu's exchange rates and the introduction of its limited convertibility, it is not possible to place the economy on a real foundation in the current period of transition, to impose the criteria of productivity, quality, competitiveness, to remake the country's currency reserves, to halt speculative currency pressures, and to ensure the natural correlation between domestic and external prices, in full accordance with the general practice in market economies of using fiscal, commercial, and control instruments to ensure the national interests of the Romanian economy. We emphasize that it was envisaged that the unification of exchange rates and the introduction of the leu's limited convertibility—an integral part of the economic reform program—would be implemented sooner.

In accordance with the law, Romania's National Bank is fully authorized to unify the exchange rates and achieve the leu's limited convertibility and, on a broader scale, to establish hard currency regulations. The government is

determined to back Romania's National Bank in immediately achieving the unification of the leu's exchange rates and its limited convertibility and to take the necessary urgent measures to ensure that the hard currency activity of legal entities and physical persons in Romania should proceed in accordance with the hard currency regulations established by Romania's National Bank.

The unification of exchange rates and the introduction of the leu's limited convertibility means the operational start of a mixed system based on market mechanisms and profitability considerations that will give priority, however, to minimum vital imports of energy and foodstuffs. The main coordinates of this system are the following:

- The unification of the leu's exchange rates at a level that can be sustained by the economy. Elementary rules of cautiousness demand that this level should be made known on the day of its implementation. The new rate will be somewhere in between the current rates, both of which are artificial—the official rate of 60 lei to the dollar and the interbank rate of 250-300 lei to the dollar.
- The expansion of the hard currency market and limited convertibility of the entire range of products.
- Greater control by the National Bank and by specialized governmental institutions over observance by all economic units of the hard currency regulations instituted by the National Bank.

The implementation of this system requires immediate measures to ensure: the obligatory sale by all domestic economic units of all hard currency resources obtained from the export of products and services to the authorized banks in return for lei at the given day's exchange rate; the closure of the hard currency accounts of economic units through the immediate purchase of their available hard currency funds by Romania's National Bank at the exchange rate on the day of the unification of exchange rates. To prevent currency speculations, Romania's government and National Bank has decided to block these hard currency accounts as of Wednesday, 6 November 1991, 1300 hours.

Economic units with mixed capital will sell their available hard currency funds within the limits of the weight of the state capital within the overall capital. The economic units with private capital have a 30-60 day interval that will be established by Romania's National Bank. The access of economic units to hard currency funds, regardless of the capital's owner, through purchases from authorized banks, will take place at the given day's current exchange rate. The hard currency can be purchased for current account operations, imports of goods and services, interest payments, dividends, and profits, in accordance with the norms issued by the banking authorities.

All hard currency revenue and payment operations, as well as other foreign trade transactions, can only be made

through banks. Only Romania's National Bank can authorize exceptions to this rule. The outflow of capital from the country can be done only in keeping with the provisions of the law and with the preliminary endorsement of Romania's National Bank—I am talking about capital removals, not payments for imports of goods and services and for current hard currency expenses. All payments in Romania will be conducted in the national currency, the leu, whose circulation is permitted only in the country. The leu's daily rate will be fixed by Romania's National Bank and the authorized commercial banks, by expanding the current interbank currency market to the whole range of national transactions.

Romania's National Bank is duty bound, in accordance with the law, to take measures and to suggest to the government and the Parliament the necessary measures to ensure the stability of the national currency. One remark is necessary here: Physical persons will be allowed to possess a hard currency account of cash or bank deposits. Hard currency exchange will be carried out only through the agency of foreign currency exchange offices and authorized banks, in accordance with the law.

Unifying the exchange rates and introducing the limited convertibility of the leu are necessary and inevitable measures at the current stage; however, these measures also present some risks. One should emphasize that measures of such great importance for Romania's political and economic life had to be discussed by experts whose positions have been made known through the mass media. The major joint conclusion of all these discussions is the need to unify exchange rates and to introduce the limited convertibility of the leu. However, there are differing viewpoints as regards the right time to take this measure, the intensity of the measure, and methods to counter shortages. In the past few weeks, in the newly created situation, the government has reexamined the shortages and the impact that the application of these measures have on the economy and on the standard of living. Apparently, there are many unfavorable conditions, such as the energy crisis, stagnation, and the decline in production, the spectrum of economic instability that is mainly a result of the increase in inflation, the tougher confrontation with foreign markets and the possibility that certain production capacities will cease to exist—hence, a significant increase in unemployment, the reduced ability of the economy to give an immediate answer to the new exchange rate-price relationship that is going to be formed, and the lack of hard currency reserves. Nevertheless, examining data regarding the problem in Romania compared with similar processes in Bulgaria, the CSFR, Yugoslavia, Poland, and Hungary—that is, in countries that have achieved the convertibility of their national currencies with certain degrees of limitation—the government reached the conclusion, as it has already been mentioned, that for our country, now is the right time to act, in spite of our difficulties. The main difficulties, such as the energy crisis and economic instability, can be overcome on a short-term basis, only if we immediately apply the aforementioned measures.

In this sensitive area of contacts with foreign countries through hard currency revenue and payments operations, in which every half measure is promptly speculated upon and sanctioned to the disadvantage of our country's interests, and in the specific conditions of our national economy, which is open toward foreign countries, the unification of exchange rates and the introduction of the limited convertibility of the leu can be applied only directly and completely and by ruling out any attempt to do this in stages. The government believes that not assuming the responsibility to make a decision in this area at this moment would mean ignoring the interests of the national economy and of the population, slowing down, and in the end discrediting, economic reform, and ignoring the future of this economy for the benefit of certain momentary, political or other types of interests.

By making this decision, the government has not shunned risks; on the contrary, it has evaluated the foreseeable impact of the unification of exchange rates and of the introduction of the limited convertibility of the leu, trying, as far as possible—through a number of additional steps it will take—to maximize the positive effects and minimize the negative effects.

The major risk is to lose control over inflation through an increase in prices for imported raw materials and energy—for which up to now the rate of 60 lei to 1 U.S. dollar has been used—and through the dissemination of this increase in the economy, accompanied by the indexation of salaries, pensions, and people's other social incomes. This risk will be countered by the following measures in particular: The government will see to it that the dissemination in the economy of the increase of prices with regard to imports is not done automatically and turned into a chaotic and irresponsible action by certain economic units. In this respect, the unification of exchange rates and the achievement of the limited convertibility of the leu is no invitation to an increase in prices. In accordance with the prices that have already been established, many economic units have planned reserves, taking into account the interbank currency rate for imports. Therefore, in accordance with the new exchange rate that will be placed under the interbank exchange rate, these prices should not increase, on the contrary, they should decrease.

Likewise, the direct and indirect contribution of imports to ensuring products and services is distributed extremely unequally because it is bigger in the branches with high energy consumption and smaller in the others. Therefore, the impact of these measures can be reabsorbed in many sectors without an increase in prices. The joint government-trade union commission will use negotiations to set the salary-prices correlation for the months of November and December 1991 and the year 1992, so that they can meet the population's immediate and legitimate interests in social protection, but also their interests in maintaining economic stability, the only way to guarantee an end to the drop in their real

incomes. Social protection will center on the basic elements of people's consumption and on its redirection from the whole population to less-favored groups.

As has already been mentioned, preventing galloping inflation at this stage implies that no further indexations be granted in the Jiu Valley, as a result of the effects of the unification of exchange rates and of the achievement of the limited convertibility of the leu.

The total protection of the population will be further secured for products and services in cases where prices and tariffs will not change: electric and thermal power, fuel for the population, rents, transport season tickets, bread, sugar, edible oil, milk, butter, and prostheses.

However, this is an act of responsibility on the part of the government to show that, in the case of these products and services, a large discrepancy has arisen between the prices and tariffs that people are paying, and the real costs of these goods and services is one to ten in certain cases. This discrepancy has become an anachronism that must be eliminated gradually in a determined period of time, at well-established times, for the following reasons: The system has become greatly inequitable; it is protected through prices. For example, both the unemployed and those people whose personal incomes run to several thousands, hundreds of thousands, and even millions of lei pay the same for electric energy consumption. The system can no longer be supported by the economy through the dimension of subsidies that must be granted to certain economic branches and sub-branches entirely. The system encourages the wasting of resources and, mainly, the transformation of some of these products into one of the major objectives of the phenomenon of corruption and trafficking and hard currency black marketeering.

Therefore, the government intends to remove 25 percent of the difference between the prices and the costs of these products by 1 May 1992, and then, the next government, which will come after the general elections, will establish the details of the elimination of the remaining 75 percent of this difference, that, taking into account general information, should be eliminated no later than two years from now.

The second important risk run by unifying the exchange rate and introducing limited convertibility is that the economy may not be able to support the stability of the exchange rate of the national currency. This stability can be achieved only when one can cope with foreign payments. The Romanian Government and the National Bank will take action to strengthen the external credibility of the Romanian economy by reinvigorating the country's export capacity. Thus, in a relatively short time, the National Bank, together with the commercial banks, will apply measures that should encourage export economic units and contribute to the achievement of exports by offering them operative access to financial

resources. At the same time, we will reconstitute a minimum level of security in hard currency reserves for international operations.

At the same time, Romania's National Bank, in accordance with its prerogatives, will continue to watch the evolution of the balance of payments and will maintain a deficit of hard currency earnings and payments for current operations within the limits of the deficit that can be financed. However one should mention that one of the biggest dangers for the stability of the exchange rate is the lack of financial discipline, easy access to credits by economic units that have no sales, that have losses, and that waste resources by increasing salaries without being able to cover them with production results.

Nevertheless, the decision adopted by the government will also have certain positive effects that will be consolidated in subsequent measures. First, financial flows will be substantially deblocked through the monetary measures applied in the economy by selling the hard currency available in our country. This will be done together with the simplification of the process for settling export and import accounts, which is currently done through clearing accounts, barter, and other methods.

In this way, much better conditions are created for the recovery of production and, therefore, also of supply.

At the same time, demand and, thus, production will be stimulated through a set of measures that are specific to each sector, agriculture, and entrepreneurs. Likewise, as I have already mentioned in this report, there is a real possibility to achieve the minimum energy and raw material imports that can ensure the operation of the economy this winter and prevent what has, as a matter of fact, already started, namely the gradual deterioration of the electric grid system.

Thank you for your attention.

Holds News Conference

AU0611211591 Bucharest ROMPRES in English
1953 GMT 6 Nov 91

[Text] Bucharest, ROMPRES, 6/11/1991—An extraordinary news conference was held at the government headquarters on Wednesday [6 November] evening when Romania's prime minister met Romanian and foreign journalists. Opening the news conference, Mr. Theodor Stolojan referred to the object of his meeting with mass media representatives—the decision on the unification of the exchange rate and on the limited convertibility of the leu, showing that all analyses had proved that decision of utmost importance should not be delayed and was needed at present. The prime minister also said that during its afternoon meeting the government had not made fundamental changes to the question at issue.

At the news conference held at the government headquarters on Wednesday evening Mugur Isarescu, governor of the National Bank of Romania, answering

questions by journalists gave details on technical aspects related to the carrying into effect of the decision of unifying the exchange rates and the limited convertibility of the national currency. Stress was laid on the idea of equilibrating the money market, the hope being expressed in doing away with the scourge of black market in this field. The governor of the National Bank of Romania announced that the single exchange rate to begin with would be made public on Friday [8 October], exchange rate which is to be set daily function of fluctuations on the hard currency market.

Answering questions on the Jiu Valley effect, Prime Minister Theodor Stolojan expressed during the news conference of November 6 his respect for the coal miners' work showing that the respective phenomenon was a clear rejection of exigencies of achieving the stability of the national economy, through the adoption of measures that did not take into account the specific conditions of the current economic circumstances in Romania. Wage-price relationship is a mainstay of economic stability, the prime minister told journalists, more particularly in an economy like Romania's, still dominated by autonomous enterprises and companies with state capital.

The rejection in the Jiu Valley of a rational relationship between wages and prices is also an inequity as to other mining sectors, as to the whole economy. There are conditions that the inequity in the Jiu Valley could generate social tension, workers in other sectors claiming or being in a position to claim, in their turn, similar wages. The only thing that can be achieved this way is a spiralling inflation. This is not the path to be followed since it puts the whole national economy in jeopardy, Mr. Stolojan said.

The reasonable solution is not to couple the Jiu Valley effect with the effects of the unification of the exchange rate, an option having to be made only for the consequences of the unification of the exchange rates and of the limited convertibility of the national currency. The prime minister stressed that the population should understand the need for economic stability. In that context he said that the new wage indexation after the unification of the exchange rates would not be applied in the Jiu Valley where the miners already benefit from substantial pay rises.

Answering a question about the secret accounts of the dictatorial family of Romania, Mr. Mugur Isarescu, governor of the National Bank of Romania, told the news conference held at the government headquarters on November 6 that he would advance a report on that matter in late November or early December and would call a news conference. Referring to the rumors about the transactions with gold and operations made with bank accounts in this country by the Ceausescus, the governor of the National Bank of Romania said that the findings of the commission in charge of that matter clarified aspects related to the transactions with gold and jewelry

the report on the operations made with Romanian bank accounts being in a final drafting stage.

Beyond these efforts Mr. Mugur Isarescu said the issue was no longer of the competence of the bank but of detectives, the inquiry being extremely difficult, expensive and taking a lot of time. And this against the suspicions of public opinion.

Prime Minister Theodor Stolojan told the news conference on November 6 that the decision regarding the unification of exchange rates and the limited convertibility of the leu had been approached on Tuesday [5 November] in the Joint Government-Trade Union Commission. In that context the future wage negotiations were discussed the idea being evinced that it was not price levels that were important for a sound national economy but the stability of the wage-price ratio. This stable ratio is a mechanism that must work perfectly, the prime minister said, just as all the mechanisms of the market economy being achieved in Romania.

Mugur Isarescu, governor of the National Bank of Romania, stressed at the news conference of November 6 with representative of Romanian and foreign mass media that the decision regarding the unification of exchange rates and the limited convertibility of the leu had positive effects on international financial circles giving grounds for granting loans already deblocked. The governor of the National Bank also said that firm steps would be taken to rebuild Romania's hard currency reserve.

Referring to the date of local elections prime minister told the news conference on November 6 that it had been the express wish of political parties that elections be as soon as possible. Likewise, he said the signals received from abroad led to the same idea. Consequently he proposed Parliament that local elections be held by the end of the ongoing year. In the meantime Premier Stolojan said political parties changed their opinion in the sense that elections [word indistinct] next year to have time for the electoral campaign. Signals from the outside evince the same idea.

In his opinion it would be ideal to call local elections in late January or early February, and general elections at the end of April at the latest.

National Bank Issues Communique on Hard Currency

AU0711102291 Bucharest ROMPRES in English
0902 GMT 7 Nov 91

[Text] Bucharest, ROMPRES, 7/11/1991—The Romanian national agency "ROMPRES" was sent a communique saying that the Administration Board of Romania's National Bank analyzed in its 6 November sitting the possibilities to redress Romania's economic, monetary and hard currency equilibrium.

The official exchange rate of 60 lei to one dollar is abandoned starting November 8. Starting November 11, the leu's rate will be established daily by Romania's

National Bank and the Commercial Banks authorized by the National Bank, by extending the Interbank hard currency market to the whole range of hard currency operations. All hard currency transactions between Romania and other countries will be made at the rate established on the hard currency market.

Starting November 11, the national currency internal convertibility is extended to all the country's current account operations. From that moment, all economic agents in Romania can buy hard currency from authorized banks, irrespective of the nature of their capital, only for current account operations, for example imports of goods and services, payments of interests, dividends, profits. All economic agents have to sell their resources and currency receipts to authorized banks for lei, under conditions to be established.

Capital can get out of Romania, under the conditions of the law, only with the approval of the National Bank, in conformity with its hard currency control norms.

All operations of hard currency receipts and payments and other foreign trade operations are made only through banks based in Romania.

All payments on the territory of Romania are made in the national currency, the leu. The leu's circulation is permitted only in Romania.

To prevent hard currency speculations, the hard currency accounts of all economic agents will be blocked until November 8, 1991 included, as follows:

- Undertakings of foreign payments through the hard currency accounts of economic agents as well as transfers between economic agents of hard currency in their accounts, or from their accounts abroad, will be stopped until Friday, November 8 included.
- Undertakings started prior to November 6, 1991, falling due until the end of the current week, will be honored in entirety, in conformity with the understandings made with foreign partners.

Natural persons can go on to own hard currency, cash or in bank deposits. Natural persons can exchange their currency only at exchange offices, exchange houses and banks authorized by the National Bank, in conformity with the law.

The National Bank will give instructions to the authorized banks and will publish the norms for hard currency transactions and the way convertibility operates.

The National Bank will defend the stability of the leu.

The National Bank, together with the authorized banks, will take immediate measures to deblock the foreign trade activity by an adequate financing of vital and urgent imports of power, oil, fuel oil, foodstuffs.

Article Views Ethnic Issues, 'Extremists' Role

AU0511224191 Bucharest ROMANIA LIBERA
in Romanian 1 Nov 91 p 1

[Octavian Paler article: "Between Two Evils"]

[Excerpts] I believe that one of the serious mistakes made by those in power and the opposition in the wake of the revolution was the fact that they did not pay enough attention to the nationality issue. True, for different reasons: Those in power did so because the only thing they wanted was to hold the seat at the head of the table, a desire that meant they did not even hesitate to pour oil into the fire or let others do it; the opposition did so, because it confined itself to enunciating principles rather than noting disquieting events that opened old wounds that had not healed yet. The emergence later on of certain forces that were only partially obvious, and that turned ethnic hatred into a mania and spawned tactics, complicated the situation tremendously. For, owing to the emotions stirred, some people, deceived by the call of the extremists did not realize that, imperceptibly, confrontations between those who endured the terror of the regime that was removed by the revolution, and those who practiced it, were replaced by the confrontation between Romanians and Hungarians. Others called it a "diversion" and then said no more. Thus, an explicable but very dangerous phenomenon took place. Many decent people, although they realized that we were urged not to understand but to hate each other, preferred to avoid discussing the serious nationality question, afraid that they might use the same words as the extremist agitators. In turn, the latter did not refrain from profiting from the discretion of the others, namely to chant their slogans in a louder and more threatening voice that made the correct and calm assessment of the Hungarian irredentist actions even more difficult. In fact, we witnessed the outbreak of a psychological war—finally propelled into the Parliament—over the heads of millions of intoxicated, inflamed, and disgusted people, while, because of this, the concerns linked to the establishment of democracy were eclipsed.

Our guilt, the guilt of those who deplored these tensions but refrained from examining them, is not minor. Is it necessary to prove that it is very dangerous to let the extremists, no matter where, hijack the nationality problem? The thesis that the Hungarians should calm their extremists while we should combat ours does not seem satisfactory to me. I do not see why the insult "dirty Wallachians" should make me less indignant than the noise made by those who want to make us hate the Hungarians because they are Hungarians. As a matter of fact, those fishing in troubled waters on both sides stimulate each other—above our heads—with cold or hysterical cynicism (does the difference really matter?) while old wounds begin to bleed again and new ones are opening, something that may please them. [passage omitted]

I do not know whether the deputies and senators, who are fond of hatred and of inciting hatred, realize how

their words sound to a Europe tired of nationalist animosities, and whether they realize what the consequences of pushing Romanian society onto quicksand may be. [passage omitted] On the other hand, it is regrettable that the deputies and senators of the Democratic Association of Hungarians in Romania [UDMR] missed the opportunity to demonstrate that they place truth above narrow interests and that they understood the seriousness of the situation. The parliamentary outburst in connection with what happened in Harghita and Covasna Counties was, undoubtedly, out of proportion. The report is full of embarrassing mistakes, because of intolerable negligence and culpable generalizations, but in their speeches, I expected the Hungarian parliamentarians to explicitly condemn anti-Romanian actions, about which there were no doubts. This would probably have eased some of the tension during the debates. Certainly, those who feel nostalgic about the former dictatorship have now found in the nationality problems an excellent means of confusing the people to divert their attention from their democratic demands and the trial of communism. I can hardly believe that those Hungarians, who incited or committed irredentist actions, were not aware that they would offer unhoped for grounds for this intoxication, and that they would give our extremists reasons to shout by raising the battle axe: You see, we were right! It saddens me to note that the UDMR parliamentarians limited themselves to accusing the commission of false and exaggerated reports.

I realize that the Hungarian minority may view it as an offense to blame all Hungarians. However, our Hungarian compatriots have to accept that we, the Romanians, also have sensitive feelings that should be spared, and they should know that we cannot be indifferent when truncated maps of Romania are spread or when there are statements like the Romanian language is "an instrument of exploitation." I reject the extremist urge to look upon Hungarians with hatred, but I do not think that it is natural to demand that we, the Romanians, should not care when our national honor comes to harm.

Maybe all of us should recall that any chauvinistic demagoguery is like the plague. Similarly, we should know that minority rights are part and parcel of the general problem of democracy. [passage omitted] Thus, the UDMR should not be interested only in a single part of democracy, namely the one that concerns the Hungarian population directly. [passage omitted] Democracy is an indivisible cause. It concerns all of us to the same extent. [passage omitted] The psychological wars instigated by the extremists of both sides achieve nothing but delaying democratic solutions, including those regarding the normal rights of minorities. [passage omitted]

This is why moderation is not a wise option when it comes to combating any kind of extremism. Actually, why should we play into the hands of extremists? For whose benefit? By no means for the benefit of democracy, nor for the benefit of ensuring the democratic rights of minorities; and surely not for the benefit of the country.

International**Tudjman Calls For U.S. Military Intervention**

LD0611162991 Belgrade TANJUG in English
1501 GMT 6 Nov 91

[Text] Zagreb, November 6 (TANJUG)—President of the Yugoslav Republic of Croatia Franjo Tudjman today assessed that yesterday's plenary session of the conference for Yugoslavia in The Hague presented "another step forward in the international settling of the Yugoslav crisis."

Tudjman told a press conference in Zagreb that Croatia accepts an absolute, unconditional and immediate cease-fire which also implies the cessation of all military movements on land, at sea, and in the air, and the deployment of new forces towards the borders of Croatia.

Croatia also agrees to lift the blockade of all Yugoslav People's Army (YPA) barracks in the territory of the republic, with the proviso that the blockade of land, sea, waterway, and air traffic be lifted simultaneously, and, in particular, that the blockade of Vukovar, Dubrovnik and Okucani be lifted immediately, Tudjman underscored.

All YPA forces must withdraw from the territory of Croatia, in coordination with the plan which will be accepted by a tripartite commission consisting of representatives of Croatia, the YPA, and the European Community monitor mission.

If all this is accepted, Croatia will, according to Tudjman, defer the implementation of its decision on the occupation status of YPA members as of November 1.

Tudjman presented favourable assessments about the situation in the fronts and repeatedly underscored that Croatia would fight "till the end," that is, until the liberation of all its territories, although, he added, it is "trying to secure a peaceful solution."

Asked what he expected of the United States, Tudjman said that the entry of the Sixth U.S. Fleet into the Adriatic Sea and the blockade of Yugoslavia's air space by the U.S. Air Force would help towards ending the war.

Asked directly if he would want the United States to intervene militarily, Tudjman gave a positive answer.

Tudjman confirmed rumors that the Yugoslav Government had tried to obtain spare parts for aircraft and tanks abroad, and other military equipment, but added that Federal Prime Minister Ante Markovic had told him that he had not been involved.

"Markovic had been against that," Tudjman underscored, and added that the Yugoslav Government had even tried to obtain weapons in China.

The Croatian president rejected accusations that the Croatian armed forces yesterday attacked Sid, a city in

the Yugoslav republic of Serbia. He accused Serbia and the YPA of wanting to spread the war to "the Balkans and to Europe even."

"We are dealing with an enemy who will not hesitate even to provoke a third world war," Tudjman assessed.

Federal**Government Demands Parties Honor Cease-Fire**

LD0611213191 Belgrade TANJUG in English
2036 GMT 6 Nov 91

[Text] Belgrade, Nov 6 (TANJUG)—The Yugoslav Government today demanded that "all the parties to the agreement on a cease-fire and an end to hostilities, concluded in The Hague on October 18, honour their obligations," says a statement released today.

"This would contribute to creating the conditions necessary for The Hague conference on Yugoslavia to resume work and for the quest to continue for a solution to the future of Yugoslavia," says the statement, released from a session of the Yugoslav Government, chaired by Prime Minister Ante Markovic.

The government pointed out that the conflicts in Yugoslavia are escalating and that it is therefore necessary for the Presidency of Yugoslavia to meet in full. The session, which should be attended by the prime minister and the ministers in the federal government, should adopt measures to end the armed conflict in the country, it was also heard.

The state Presidency is in session in Belgrade, convened by Vice-President Branko Kostic. The members from the Yugoslav republics of Slovenia, Croatia, Bosnia-Herzegovina and Macedonia are not attending.

The Presidency has been meeting in an incomplete composition since October 3 and the decision to work in "conditions of an immediate threat of war."

The Yugoslav Government concluded that the number of refugees is growing in Yugoslavia, particularly from the Croatian Western Slavonia region, and defined measures for aiding the people. The measures will be implemented in cooperation with the Yugoslav republics, and all the refugees should be eligible for the aid, regardless of the republic they come from and regardless of their ethnic affiliation, the statement says.

This problem cannot be solved, however, for as long as the war in Croatia continues, it was also heard at the session.

Yugoslavia faces an economic disaster of inconceivable dimensions, because much of the harvest has been destroyed in the war, the government says in conclusion and again insists on the cessation of the war.

Kadijevic Refuses To Meet Croatian Army Chief

LD0711030791 Belgrade TANJUG in English
0039 GMT 7 Nov 91

[Text] Belgrade, November 6 (TANJUG)—Yugoslavia's federal defence minister, General of the Army Veljko Kadijevic, did not meet in The Hague on November 5 with the Croatian Army Chief of Staff Anton Tus as well, Yugoslavia's Presidency of State Information Service denied this evening.

According to the denial, Gen. Kadijevic saw inviting Anton Tus to The Hague peace conference on Yugoslavia as an incorrect act "since Anton Tus was sentenced in the Yugoslav Army, stripped of rank and treated as a traitor." Gen. Kadijevic "energetically rejected Lord Carrington's offer to organize his meeting with those who represent the Republic of Croatia in The Hague" and "refused to attend the peace conference plenary session," it was made known.

At his press conference, Lord Carrington "not only said nothing about that matter, but also contributed to leaving an impression as if he had met together with Gen. Kadijevic and the Croatian Army representatives," the denial added. This was "all the more unusual since Gen. Kadijevic had previously warned of an incorrect act and possible speculations in that connection."

Gen. Kadijevic went to The Hague as decided by Yugoslavia's Presidency to an invitation from Lord Carrington, the peace conference chairman, the denial had it.

Admiral: State Must Choose Between Peace, War

AU0611172091 Belgrade Radio Belgrade Network
in Serbo-Croatian 1400 GMT 6 Nov 91

[Report by Olivija Rusovac]

[Text] [Admiral] Stane Brovet, deputy secretary of national defense, claims that Croatia has no intention of observing a cease-fire. This is also proven in that from 18 October—when the SFRY Presidency together with Presidents Milosevic and Tudjman adopted in The Hague a decision on ceasing all hostilities in The Hague—until 3 November, the Croatian forces have committed 193 cease-fire violations. For the time being, Brovet says, only the blockade around the Borongaj barracks has been lifted, and this was not done because of The Hague agreement but because of the agreement for the passage of a humanitarian convoy to Vukovar. Croatia is even widening the violence, Brovet claims, giving examples of the attacks on Sid and Apatin.

According to Brovet, the latest cease-fire also envisages lifting blockades and withdrawing Army units from the surrounded garrisons. This morning we took steps to withdraw from the Karlovac and Delnice barracks, he said, adding that The Hague, Carrington, and Wijnaendts were informed. If the Croatian Government does not permit this, we will be forced to break through a blockade of the

garrisons by force, so this cease-fire absolutely depends on the Croatian authorities, Brovet said.

Commenting on the attack on the 18 villages within the Virovitica—Mokovcevo—Grubisno Polje triangle, Brovet stressed that the Federal Secretariat for National Defense knows for sure that seven villages have been destroyed and burned, and according to refugee reports, another 11 villages shared the same fate. There are 10,000 refugees in the mountains of Papuk and Psunj who are in a critical situation. Some 4,000 refugees arrived in Banja Luka yesterday, while the fate of 1,000 people in the Gakovo region is unknown. The Government of the Republic of Croatia has issued an ultimatum that Serbs from 27 villages in the Pozega Valley must leave their homes for concentration camps, taking with them their most valuable possessions. In the meantime, unprecedented terrorism was waged upon those who remained.

Replying to the unusually sharp criticisms about the Army's unclear strategy, goals, and capabilities, most of them from Vasil Djukanovic of Montenegro and Celimir Manojlovic of Serbia, Brovet stressed: The Army needs a state it can rely on in order to act successfully, a state that will make the decision to be in the war or not. If you are condemning the Army, then you are approving the activities of those who are actually attacking it. The YPA is the main target for the attacks whose objective is to finish off Yugoslavia by destroying the Army, Brovet said.

Presidency Session Discusses Cease-Fire Agreements

LD0611200391 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1837 GMT 6 Nov 91

[Text] Belgrade, 6 Nov (TANJUG)—It has been announced that a session of the SFRY Presidency was held in Belgrade today, presided over by Dr. Branko Kostic. The president of the SFRY Assembly, the federal secretary for internal affairs and the deputy federal secretary for national defense took part.

At today's session the SFRY Presidency considered the escalation of the armed uprising of the Republic of Croatia against Yugoslavia and its failure to respect the cease-fire agreements of 18 October and 5 November, reached in The Hague.

Yesterday's cease-fire agreement in The Hague, which also includes the deblocking of the barracks in the Republic of Croatia, should be fully realized by 8 November.

In this connection, the Federal Secretariat for National Defense announced to the Republic of Croatia the withdrawal of the Army from the barracks in Karlovac and Delnice for 0900 today. In the meantime, despite the obligations undertaken in The Hague to deblock the barracks and facilitate the departure of the Army from

them, Croatian armed forces yesterday attacked the barracks in Delnice and occupied it, while forces of the Yugoslav Peoples' Army [YPA] were obliged to use force to deblock the barracks in Karlovac.

In connection with the situation which has arisen, the YPA has made representations to the EC mission and to the Croatian authorities. However, the Croatian authorities replied that they will only facilitate the departure of the Army in accordance with their decision of 16 October, which demands that the YPA withdraw without its military equipment, arms and weaponry—something which is completely contrary to the decisions adopted in The Hague on 18 October. The SFRY Presidency stated that the Croatian forces are in this way again demonstrating that they do not wish to end the armed conflict and deblock the YPA barracks.

The SFRY Presidency has also been informed in detail about the attacks by the Croatian armed formations on Sid and Apatin. The YPA has established that the armed formations of the Republic of Croatia acted against Sid from an area southeast of the village of Nemci. The YPA units acted against this area, but today's attack on the village of Ilince shows that these formations have not yet been neutralized. Apatin was attacked from Kopacki Rit by a mobile unit of the armed formations of Croatia which has not yet been discovered.

The SFRY Presidency again noted that we are dealing with an armed rebellion of the Republic of Croatia against Yugoslavia and that the aim of the latest attacks on Sid, Apatin, and Ilince is to create the impression among the international public that there is an armed conflict between Croatia and the Republic of Serbia.

Throughout the past period, the SFRY Presidency, together with the YPA, has been doing everything possible to solve the Yugoslav crisis in a peaceful manner. This is also the reason why the SFRY Presidency accepted a cease-fire on 11 occasions; however, the Croatian authorities have violated all agreements which have been made, as is also shown by the latest attacks on Sid, Apatin, and Ilince. In order to avoid jeopardizing the obligations accepted at The Hague conference, which envisage cease-fire and the lifting of the blockade of the Army barracks by 8 November, the SFRY Presidency decided to send a special letter to the chairman of the conference on Yugoslavia, the president of the Ministerial Council of the European Community, the foreign ministers of the United States and the USSR, the foreign ministers of the EC countries, and the special envoy of the UN secretary general, to acquaint them with the situation. At the same time, it has addressed a demand to the president of the Republic of Croatia to explicitly state whether he will implement the Hague agreements; otherwise the YPA, not having any other way, will be compelled to deblock the barracks by force.

The SFRY Presidency has decided that, should the latest agreement on cease-fire and the lifting of the blockade of

the Army barracks not be implemented, it will adopt decisions in keeping with the new situation.

In view of some disinformation among the public in connection with the participation of General of the Army Veljko Kadijevic in the Hague conference, the SFRY Presidency stated that he was there at the invitation of Lord Carrington and by the decision of the SFRY Presidency. It was also noted that General Kadijevic only met with Lord Carrington, chairman of the conference; Cyrus Vance, special envoy of the UN secretary general; and Henry Winaendts, special envoy of the EC Council of Ministers. Kadijevic confirmed that the YPA would observe the decision of the SFRY Presidency of 18 October.

The SFRY Presidency also assessed that the frequent spread of unverified information, which lowers the defensive strength of the country, arouses suspicion and confusion among the citizens, and among the YPA soldiers, reservists, and leadership. The SFRY Presidency expects the competent organs in all fields, and especially in the field of public information, energetically to stamp out the phenomena which can have destructive consequences for the defensive strength of the country, the report on today's session of the SFRY Presidency states.

Markovic, Loncar Not Attending Presidency Sessions

LD0711031691 Belgrade TANJUG in English
0133 GMT 7 Nov 91

[Text] Belgrade, November 6 (TANJUG)—Federal Premier Ante Markovic and his foreign minister Budimir Loncar have not attended the Presidency of Yugoslavia sessions since October 1, although regularly invited, the Yugoslav Presidency Information Service made it known this evening.

Today, the Federal Executive Council (the federal government) asked that urgently be convened a session of the Presidency of Yugoslavia and attended by all of its members and the federal government's members to discuss measures for a cessation of armed clashes in Yugoslavia.

The eight-member Presidency of Yugoslavia have not met together in full complement since September 7. Their sessions are convened and chaired by Dr. Branko Kostic, the vice-president and representative for Montenegro, but in the absence of representatives for Croatia, Slovenia, Bosnia-Herzegovina and Macedonia.

Sessions on implementing cease-fire agreements have been held very frequently, however, the Presidency remarked.

Noticing that the Presidency of Yugoslavia discussed that matter also today, the announcement adds that "the federal premier and the federal minister for foreign

affairs once again did not respond to the invitation to take part in the federal government's work."

Kostic Interviewed on Croatia's 'Armed Rebellion'

AU0711122191 Belgrade Radio Belgrade Network
in Serbo-Croatian 1100 GMT 7 Nov 91

["Excerpt" from an "exclusive" interview with Branko Kostic, vice president of the SFRY Presidency, by the "Today" program; place not given—recorded]

[Text] Talking about the attack against Serbian towns at the Presidency session last night, we in fact came to one of the possible reasons for such a sudden and impudent attack against several towns in Serbia by the Croatian armed formations and this was that thereby an attempt was being made to create an impression in the international public that this war conflict that is being waged in Croatia, which in fact represents an armed rebellion of Croatia against Yugoslavia, has turned into an armed conflict between Croatia and Serbia. One should also not exclude the possibility that this was one of the basic reasons for these attacks.

All this time we have been trying to prove to the EC and the international public that what is involved is not a conflict between Croatia and Serbia but an armed rebellion by the Croatian authorities and the Croatian paramilitary formations against Yugoslavia as a legitimate and internationally recognized country and against the Yugoslav People's Army as the sole armed force that according to the SFRY Constitution should protect both the constitutional order of the country and its integrity.

Of course, there are many other reasons that may have motivated the perpetrators of these attacks. One of those possible reasons is perhaps to turn the attention of the domestic and the international public away from the horrible genocide that the Croatian authorities and armed forces have been perpetrating against the Serb population in western Slavonia and the exodus these people are being forced into.

The other possible reason is perhaps to confuse and upset the population and at the same time to soften the brunt of the attacks and final operations in liberating Vukovar.

However, in any case, I think that the Croatian authorities and armed forces have started all this reckoning that on the basis of hurried decisions in reaction to these and similar attacks, this side would also make moves that at this moment, immediately before the meeting of the EC Council of Ministers that is to open in Rome tomorrow, would show that Serbia and the Yugoslav People's Army is really the side that fails to obey the cease-fires and against which economic sanctions should be taken.

General, Officers To Be Tried for Desertion

AU0711095791 Paris AFP in English 0903 GMT
7 Nov 91

[Text] Belgrade, Nov 7 (AFP) — A Yugoslav Army general and nine other officers were to go on trial here Thursday [7 November] on charges they surrendered without a fight to Croatian forces, handing over 150 tanks, artillery and rocket launchers, the daily POLITIKA reported.

The newspaper said a military court would examine the charges against General Vladimir Trifunovic and his subordinates who surrendered to Croatian forces the federal barracks at Varazdin, 60 kilometers (35 miles) north of Zagreb. Military officials have also ordered an investigation into the actions of Rear Admiral Dragoljub Bocinov and two of his subordinates at the naval base in Split who have also been accused of undermining Yugoslavia's military authority.

Federal defense officials have complained that Army morale was seriously undermined by local commanders' decisions to abandon besieged barracks inside Croatia without a fight, an act described in Belgrade as "mass desertion."

Slovenia

Commentary Examines Leaders' Hague Positions

AU0711082991 Ljubljana Radio Slovenia Network
in Slovene 1430 GMT 6 Nov 91

[Text] There is almost a unanimous agreement among the international commentators that after yesterday's events in The Hague it is difficult to expect the peace conference on Yugoslavia to resume. Nobody believes in the latest truce either. And although no party to the war in Yugoslavia is without sins, the greatest amount of guilt is attributed to Serbia and its unyielding leader Milosevic. There is no doubt that Serbia will find itself isolated, the commentators opine. Our colleague Edo Zitnik also talks in his commentary about such a development:

[Zitnik] Yesterday's conciliatory attempt by Lord Carrington in The Hague, possibly the eleventh in a row, and already the fourth version of his repeatedly rejected peace agreement, leave no doubt that the peace conference is at a dead end and although Carrington is not going to suspend it, the possibilities for a positive turnabout by the end of the year, when it is supposed to end, are only theoretical. After the Serbian rejection in The Hague, it is clear even to the most stubborn optimists that Milosevic continues to believe more in peace achieved at the front than at the negotiating table. Lord Carrington, who has so far been operating only through political pressure and diplomatic skills, made a logical move resorting to the last and a risky method, even for the European Community—economic sanctions.

It is no accident that the EC keeps repeating that the measures against the disobedient republics will not have a real impact unless they are coordinated with Washington and all CSCE states. This is, namely, the last lever the EC has at its disposal, and if it is not going to help, Brussels will have to admit that it failed the test for Europe 92 in Yugoslavia.

Slovenia as an objectively less problematic and therefore also less exposed side can be relatively satisfied with the present situation. It has not achieved its main goal in The Hague, recognition by the European Community and participation in drawing up the final settlement of accounts of the former Yugoslavia.

However, if we take into account that President Kucan even yesterday agreed in principle to Carrington's peace formula while in the same breath explaining to him that he cannot accept it in the present form, Slovenia could easily find itself in the dock together with Serbia. If Milosevic had not behaved yesterday like a bull in a china shop it cannot be discounted that Slovenia would have also found itself on the list of the republics which Carrington is going to propose for sanctions at the EC ministers meeting in Rome on 8 November. It sounds absurd but, according to all indications, Serbia, in contrast to Croatia, turned out to be our great ally again. We can only wish that Serbs will remain Serbs to the end of the year. This is when Brussels is to draw a final line under the Yugoslav question, even at the price of recognizing Slovenia and Croatia.

Defense Adviser Views Croatian Attacks on Serbia

AU0711075991 Ljubljana Radio Slovenia Network
in Slovene 1430 GMT 6 Nov 91

[Interview with Professor Andrej Zabkar, adviser to the Slovene Defense Ministry, by Robert Skerjanc; place and date not given—recorded]

[Text] As reported by the Serbian media, the Croatian armed forces have allegedly extended their activity to Serbian territory. First, they allegedly attacked Sid, then the fighting supposedly spread to the suburbs of Apatin. Our reporter Robert Skerjanc spoke with Professor Andrej Zabkar, adviser at the Center for Strategic Studies of the Defense Ministry, about whether this means a change in the strategy of the Croatian Army, a move from a defensive to an offensive position or whether the reports on the attacks on Sid mean something else.

[Zabkar] If what happened is true to the accounts, that is to say if heavy artillery did shell Sid and there were casualties—four dead and a score wounded—the location of the front and the distance of the possible border positions of the side that shelled this place would point to the fact that Serbian territory has also been included in the actions.

Considering this aspect, the information is above all politically colored, politically important, and since it reached the public, public opinion, mainly through Serbian sources, it is meant to demonstrate that Serbia is a victim in this situation and that actions are being conducted on its territory because up until now Serbia has not participated in military conflicts. It was the Yugoslav People's Army [YPA] that participated indirectly and simultaneously with Montenegro in the direction of Dubrovnik.

This is supposed to be a kind of a turnabout, a strategic alibi for what could follow because Serbia could now take military measures as a countermeasure for being attacked on its own territory and not act through mediators, that is the YPA or Montenegro as was the case with Dubrovnik, but directly with its units, its Ministry of Defense, and with all that derives from it.

[Skerjanc] And that points also to the fact that Croatia denies these attacks.

[Zabkar] Exactly, the fact is that the Croatian side denies these attacks and quotes two elements. First, it claims that it does not have such artillery, with such a range to achieve such results as mentioned, considering the topographical characteristics of the territory and the distance of the front line. Secondly, in this situation Croatia respects all the agreements concluded at a higher level among diplomats regarding not only the situation at this part of the front but also in general.

Thus, two arguments are given. One, I would say, has more of a diplomatic explanation, the other military-technological. Of course, there is still a riddle here, namely, there is the possibility of the hypothesis according to which the Croatian armed formations led by Paraga from the Croatian Party of Rights carried out actions on their own to realize the concept of Croatia as far as the Drina River—that is the concept of a Mega Croatia or Greater Croatia however we want to call it—as an antithesis to the concept of a Greater Serbia through the already announced transfer of actions to the territory of Bosnia-Herzegovina, with the events in the village of Ravno in the south. Now even Apatin is being mentioned; that should be across the Danube past Baranja.

If the development is observed within this chain of interactions then we can conclude that there exists the possibility that some elements of the same Paraga movement have undertaken independent actions and caused these events.

Preparations for New Election in Demos Under Way

AU0711154991 Ljubljana Radio Slovenia Network
in Slovene 0600 GMT 07 Nov 91

[Report by Sandi Frelih]

[Text] Although Dr. Jozc Pucnik says that Demos has not broken apart, it is taking a long time to conclude the new coalition agreement, which shows that there is a lack of harmony. The reason does not lie in the fact that the parties differ in their views on privatization, which is not opposed even by the opposition, but in the method of its implementation. Moreover, it can be found in the actions of the major coalition parties, which have used all the time in government for gaining long-term positions for the new election.

Pre-election promises about political pluralism and independent Slovenia have been fulfilled with the assistance of the opposition, maybe also the promise that things will be more difficult for us, but we will be more satisfied. It is more difficult alright but, regarding satisfaction—the voters will decide on that, since after a year and a half, the promised Switzerland is even farther away than it used to be.

Judging by the external signs, the original sin of mutual disagreements in the government coalition began with the removal of the vice prime minister and finance minister from his post and with the conditions set by some parties that demanded the adoption of certain laws by threatening that their support for the government would otherwise be withdrawn.

Among other obvious examples is the money earmarked for the media pluralization and a hypocritical budget restructuring, the arrogant government attitude toward the Assembly as well as the attempts to bring uniformity to the Demos. And when some of the coalition parties realized that in their naivete they had been double crossed, the disintegration of the Demos followed even though these methods were politically legitimate. The remaining parties are staying in the coalition only out of inertia and fear of the consequences of a government crisis.

However, all together are preparing for a new election and promising an aggressive appearance on the public scene.

Croatia

Tudjman Gives News Conference After Hague Talks

LD0611222591 Zagreb Radio Croatia Network
in Serbo-Croatian 1005 GMT 6 Nov 91

[News conference by Croatian President Franjo Tudjman in Zagreb on 6 November upon his return from talks in The Hague—live]

[Excerpts] [Tudjman] [passage omitted] Lord Carrington surprised us by putting forward something that we had wanted to put forward; that is, that the continuation of the conference is pointless unless the cease-fire is implemented. In this respect, Mr. Carrington demanded, of course, that this should apply not only to the Yugoslav

Army but to Croatia's military forces. I made it clear to Mr. Carrington that we in Croatia are, understandably, most interested in a cease-fire, because the war is being waged on Croatian territory. [passage omitted]

This is why we agreed to the proposal of Lord Carrington in his capacity as chairman of the conference on Yugoslavia. We nevertheless put forward our proposals on what cease-fire means to us. We explained to him, first verbally and then—at their demand; I mean, at his and Vance's demand—in written form. We presented them with our remarks in relation to the proposals presented by the chairman of the conference on Yugoslavia in the presence of the UN secretary general's envoy, Cyrus Vance, and coordinator of the conference, Henri Wienaendts, and the Croatian delegation. Croatia put forward the following points:

First, Croatia accepts the proposal on an absolute, unconditional, and immediate cease-fire, provided that this also implies the cessation of all military movement at sea, on the ground, and in the air in Croatia, as well as the end of amassing new forces on Croatia's borders.

Second, Croatia agrees that Croatian forces will lift the blockade of all Yugoslav Army barracks on the territory of the Republic of Croatia, provided that the blockade of air, land, and sea traffic is lifted at the same time and particularly that the blockade of Vukovar, Dubrovnik, and Okucani is immediately lifted in order to restore unimpeded traffic and normal conditions of life.

Third, the withdrawal of all forces of the Yugoslav Army from the territory of the Republic of Croatia must be in concert with all the preceding points and in accordance with a plan that will be accepted by the tripartite commission including representatives of Croatia, the EC observer mission, and the Yugoslav Army.

Fourth, if these proposals are accepted then Croatia will put off the implementation of its decision on the occupier status of members of the Yugoslav Army as of 10 November 1991 for one month, until 10 December 1991 or until the deadline for the withdrawal of the Yugoslav Army from the entire territory of the Republic of Croatia has been agreed.

You can see this in writing, but please correct the date—it is not the first but the tenth. You also can get it in English if you are interested.

The gentlemen from the European conference on Yugoslavia, specifically Lord Carrington and Messrs Vance and Wijnnaends, during their meeting with our delegation, by and large agreed with and expressed their readiness to discuss matters along this line with the representatives of the Yugoslav Army, that is, with General Kadijevic, and with Milosevic, to effect another cease-fire, because they had decided that without a cease-fire agreement further talks at the peace conference are meaningless, as we said as well.

After talking to us they spoke separately to Milosevic and to Kadijevic, and then they spoke again to us, saying that General Kadijevic had agreed to carry out the Yugoslav Presidency decision of 18 October. This is the decision—apparently signed for the first time in its history [giggles] by all Yugoslav Presidency members—on the unconditional and immediate cease-fire, and on lifting the blockade on the barracks in Croatia and on the evacuation of the Yugoslav Army from Croatia. [words indistinct]

The conference chairman, Lord Carrington, informed us that in this context Kadijevic undertook to facilitate supplies for Dubrovnik and Vukovar in the context of the lifting of the blockade. In this way, that is, by agreeing again to a cease-fire arrangement by the representatives of the Yugoslav Army, conditions have been created allowing the conference to continue.

A plenary session of the peace conference was then held during which the chairman, Lord Carrington, by way of introduction, informed those present that from prior work they had come to the conclusion that unless there was a cease-fire the conference would not resume, but that since a new agreement had been reached and since General Kadijevic and the Croatian president had agreed to issue an immediate cease-fire order, the conference was continuing.

The conference began by Lord Carrington recalling that during the last meeting five republics accepted the EC proposal in principle, one being against, and that amendments had been submitted for the meeting today, including a joint amendment on behalf of Serbia and Montenegro. He then opened discussion.

Serbian President Milosevic explained in detail this Serbian amendment, jointly signed on behalf of Serbia by himself, and on behalf of Montenegro by Bulatovic. The object was to confirm Yugoslavia as an existing international subject, that some republics want to stay in the joint state, that Serbia cannot allow the Serbian people, because of the genocide-prone Croatian authorities, to stay in Croatia, which is a well-known Serbian argument in this context.

Lord Carrington then called on other republics to present their views. The situation was as follows: Although during the previous meeting Montenegrin President Bulatic said he was accepting the EC proposal on the sovereignty and independence of the republics coupled with international recognition, which would allow joining a free association of Yugoslav states. He explained that he signed this document with Milosevic because Serbia and Montenegro are closely interested in the preservation of the Yugoslav community and those who wish to remain in the joint state. He also said that he accepted the general principles of the European proposal, which obviously are at variance with this amendment. The result is that, as a rough estimate, if the score

last time was five to one, now you could say in the wake of this amendment and his explanation that the score now is 4.5 against 1.5.

Macedonian President M. Gligorov stuck to the view that he accepted the European proposal and rejected this new amendment put forward by Serbia and Montenegro.

Mr. Izetbegovic, president of the Presidency of Bosnia, did the same. He said that as far as general principles are concerned, efforts should be made to make them acceptable to more or less everyone. In his address he appealed to the EC and the conference to take effective steps to prevent the armed conflict from escalating into Bosnia because, as he put it, the Serbian Democratic Party in Bosnia-Herzegovina, by ignoring the assembly, is threatening the integrity and the sovereignty of Bosnia-Herzegovina. He therefore appealed to the international community to take measures to this end and to prevent the conflict from spreading to Bosnia.

The president of Slovenia, as expected, said that they accepted the European concept as a draft for recognizing the sovereignty, independence, and international recognition of the republics that want it, and that he is for a free association along the model of the European Free Trade Association.

In my reference to the Milosevic-Bulatovic amendment, I spoke against it, with an explanation that the substance of the amendment is unacceptable to Croatia as it again raises the debate that went on for a year and a half within the framework of the Yugoslav crisis and that it resurrects the theses and the substance that caused the Yugoslav crisis after the abolition and the undermining of the 1974 Constitution and the departure of Tito from the historical scene by, above all, Serbia. I also said that such an attitude led not just to the present-day crisis but also to the war against Croatia.

I made special reference to the explanation given by Serbian President Milosevic to the effect that they could not accept that the Serbian population in Croatia should remain under the Croatian authorities because of the genocidal tendencies of the Croatian authorities and the memories of World War II. I stressed in this connection that Croatian suffering in World War II were no less than that of the Serbian people; in other words, that the number of victims of both the Serbian and Croatian peoples was the same. I also said that to imply that in Croatia the same kind of policy is being pursued as the policy that led to the death of 700,000 Serbs in Jasenovac. [sentence as heard] I noted that I reminded Mr. Milosevic in our talks that this is totally unfounded, that it is a deception that has been exposed by more serious scientists and politicians and by one Serbian scientist, Dr. Kocovic, who explained that the number of all Serbs killed in World War II on all fronts was (7487,000). How then could have 700,000 been killed in Jasenovac? [passage omitted]

My conclusion was that there are no grounds for the current aggression and the imperialist policy of Serbia

and the Yugoslav army conquering Croatian territory to invoke the alleged genocidal tendencies of the Croatian people in World War II or even today. It is all based on pure lies, pure deception. [passage omitted]

The amendment by Serbia and Montenegro was rejected by all other republics. The meeting was attended by all the members of the Presidency of Yugoslavia—well, what was formerly Yugoslavia—except Mr. Drnovsek. Also present were the president of the Federal Executive Council and the foreign affairs secretary, but without the right to take part in the debate. Mr. Kostic asked to be allowed to speak as vice president of Yugoslavia—by the way, he is the representative of Montenegro in the Presidency. The chairman, Lord Carrington, asked him if he was speaking on behalf of all; if there was a consensus, unanimity. He said that he wanted to speak only as vice president. Mr. Carrington responded by saying: No, we have not met here to listen to individual speeches. He then continued with the session. Mr. Kostic responded by saying: You, your Lordship, have for the second time at this conference stopped me from speaking. Mr. Carrington ignored him and Mr. Kostic, in protest, got up and walked out. He was followed by Yugoslav Kostic, representative of Vojvodina. Other members of the Presidency, even those from the Serbian bloc, Mr. Jovic and Sejdo Bajramovic, stayed put.

Concluding this session, Mr. Carrington said: Let us conclude this session. As we saw at the last session, and at this one, five republics have accepted the general principles of the European conference, while one republic has reserved its acceptance. That is literally how it was, as I have described it to you. He said that on Friday he would inform the European ministerial council what points had been reached at the conference, and what the situation is with regard to the truce, the cease-fire. We know that on 8 November in Rome [word indistinct] the session of NATO as well. Therefore, the main point of Lord Carrington's conclusion is that five republics accept the European principles and one is against, and that he will closely follow and report on what happens before 8 November regarding whether the cease-fire holds and whether there is therefore a basis for the conditions for the continuation of the conference, or what kind of measures the EC will take. With this the conference was concluded. The talks continued during lunch and afterwards.

That is a report on the work of your delegation at The Hague conference. [passage omitted]

[Unidentified speaker] [Words indistinct] at the meeting of NATO on 8 November there could nevertheless be some kind of decision on the sending of peace forces to Yugoslavia, considering that it is probably not by chance that the NATO session is being held at the same time as the session of the 12. Also, there have been certain reports—perhaps it is only a question of rumors—but I would like to know whether you have heard that Ante Markovic has taken part in some kind of trade in spare parts for the Army? Is that true?

[Tudjman] As far as the first part of your question is concerned, there are all kinds of rumors. Understandably, I cannot comment about the assumptions I have heard, about things that are still questionable. Your second question is very important for the war in Croatia. We, too, have heard that the Yugoslav Government, Federal Executive Council, and even its president himself, are attempting to obtain spare parts for the Yugoslav Army, primarily spare parts for the Yugoslav Air Force and tanks.

I have taken the opportunity of meeting Mr. Markovic to ask him precisely whether this is true. He replied that, yes, it is true that the Yugoslav Government has been attempting to obtain spare parts, but that he personally opposes it. As far as I have been informed, the Yugoslav Army appears to have allegedly acquired some spare parts and some equipment from as far afield as China. [passage omitted]

[Krstacic] Drago Krstacic of SLOBODNA HRVATSKA. Mr. President, [words indistinct] to tell us something about how you assess the situation on the battlefields? Naturally, in asking this, the question of Vukovar and Dubrovnik is inevitable. Further, it would also be good if you could say whether you can see any connection between the development of the war situation here and the appearance of the NATO fleet in the Mediterranean?

[Tudjman] As far as the war situation is concerned, let me first answer about Dubrovnik. The attempt to take Dubrovnik and to [word indistinct] the long-standing desire of Serbian politics that Dubrovnik should be claimed for Serbia and remain Serbia, is clearly nonsense.

They do not want to occupy the Dubrovnik area only because of this historic jewel of Croatian and world culture, but also because on the Prevlaka peninsula the Yugoslav Army has missile bases from which they can control the entry into the Gulf of Otranto and into the Adriatic. It is for these strategic reasons that the Yugoslav Army started this aggression of attempting to occupy Dubrovnik and then dragged Montenegro into the war with Croatia as well.

As for your question as to my assessment, I have to admit that I am somewhat surprised by how the public information media in Croatia and your foreign colleagues have not observed the importance of the defeat of the latest offensive of the Yugoslav Army against Vukovar. As you know, the battle for Vukovar has been going on for almost three months, in which it has become the Croatian Leningrad, the symbol of the resistance of Croatia. There is some empty and unfounded talk about how Vukovar is supposedly fighting for itself, but if the whole of Croatia had not been involved from the first day, it would not have been able to hold out for seven days, let alone the 70 that it has been. Croatia, then, from the very outset, not only created the political conditions for the defense of Croatia and Vukovar, but also invested

all efforts within the framework of the given possibilities to militarily assist by providing arms of all kinds to the full extent of our capabilities in order to hold Vukovar.

What happened in the past two or three days during the Serbian Army's latest offensive, when in one day alone about 30 tanks and armored personnel carriers and five combat aircraft were destroyed and when General Bratic, the corps commander [Yugoslav People's Army Novi Sad Corps commander in charge of the Vukovar front] died, obviously signals a Croatian Army victory over the aggressor army, and indeed a victory by all Croatian forces concerning Vukovar, because the battle for Vukovar is conducted also in the operations in the Vukovar area and away from Vukovar.

Ladies and gentlemen, I was a soldier and I am a historian. When a general dies on the battlefield, and a corps commander to boot, then this is a signal that big and decisive battles are fought and the Army loses. When a corps commander perishes on the battlefield, that means that the Army has suffered a defeat and that the defenders have been very successful. [passage omitted]

[INDEPENDENT reporter] [Name indistinct] of the INDEPENDENT. I heard on the radio that the Greek Government has said that it would not interrupt supplies of oil to Yugoslavia or Serbia. Is that true and what does that mean regarding these sanctions? Are they realistically possible?

[Tudjman] It is obvious that in the past and again now Greece and Serbia have been cooperating. You know what this cooperation has been about. Your information says that there are differences between the EC member-countries. However, I believe that EC decisions will be binding. We will see.

[Unidentified speaker, in English] If sanctions are imposed, how badly will it hit Croatia? Will you be as badly hit as Serbia?

[Tudjman] I think that if economic sanctions are applied, they cannot be applied against the victim, but against the aggressor. This is what happened in the past and this is what will happen now. Of course, Croatia has been suffering untold damage because of destruction and because of the way this has effected its economy. The total damage of the one-year war against Croatia has risen to about \$15 billion so far. But be that as it may, all the sanctions that may be applied must be mainly directed against the aggressor.

Allow me to say that I discussed this economic problem and all other political and strategic issues, in addition to the talks I have already mentioned, with Mr. Vance, the special envoy of UN Secretary General Perez de Cuellar, who obviously represents the United States in this matter. I explained the Croatian views and asked him to pass on the Croatian proposals to Secretary of State Baker and to President Bush. The war in Croatia has obviously assumed such dimensions that unless it is stopped there is a real danger of its spreading to the Balkans and Europe. As I have

already alluded, this war is also waged because of strategically important positions in the Adriatic and the Mediterranean as a result of which Europe and the world cannot remain quiet on the sidelines watching their own interests, irrespective of the fact that in all these negotiations they are trying to be neutral.

When they see what is going on in Croatia, who is the aggressor and what kind of destruction is going on, and that it is a war which is not being waged primarily for the destruction of an armed force, but a war which is being waged against the civilian population, a war in which it is clear that the Yugoslav Army has already lost not only [words indistinct] and its offensive power, but has also had to desist from its intentions of bringing down the Republic of Croatia, overthrowing its democratic government, subjugating Croatia, returning it to some kind of Yugoslav framework, and has still not desisted from using its technical superiority at sea and in certain areas in offensive actions to take certain places and to provoke the present [word indistinct] war.

I discussed all this, as I said, with all the participants, all the important participants. In particular I asked Mr. Vance to convey our assessments and our proposals to the U.S. Government as well.

[Unidentified speaker, in English] Mr. President, is there anything in particular you would like President George Bush or the United States to do or not do?

[Tudjman, in English] I already proposed that it would be best if some ships of the 6th Fleet come to the Adriatic, [in Serbo-Croatian] and also [words indistinct], seeing that the air force is being used against the civilian population, that they should block air traffic as was done in the war against the Kurds in the case of the Gulf war.

[Unidentified speaker, in English] Just to clarify that point, you would want U.S. intervention through the Mediterranean fleet [words indistinct]?

[Tudjman, in English] To stop the war in Croatia.

[Unidentified speaker, in English] Do you advocate the United States sending troops to stop the war?

[Tudjman, in English] The United States is the most important power in the world, and [words indistinct] [in Serbo-Croatian] besides which in the United States there live about 2 million Croats who are also asking why, on their behalf, we do not put our demands to the United States as well as the EC. These 2 million Croats in the United States is no small number. They are interested in relations between the United States [words indistinct].

700 Forces Arrive With Dubrovnik Relief Convoy

LD0711054491 Belgrade TANJUG in English
0311 GMT 7 Nov 91

[Text] Trebinje, November 6 (TANJUG)—Some 700 members of Croatia's paramilitary formations also

arrived on board a convoy of relief aid to the Southern Adriatic port of Dubrovnik recently led by Stjepan Mesic, president of the Federal Presidency of Yugoslavia. Lt. Col. Radoslav Svcevic of the Yugoslav Army, said today. For longer than a month now, Dubrovnik has been kept under blockade by Yugoslav Army units.

This arrival of Croatian paramilitary on board a convoy did not pass unnoticed to Army control, but it was passed over in silence for the sake of peace, he said.

Lt. Col. Svcevic is the Yugoslav Federal Army's representative in negotiations with representatives of Dubrovnik and the EC monitor mission.

After a round of negotiations at Cavtat, near Dubrovnik, he added, however, that there is no chance like that for a convoy of about a hundred ships already announced from Ljubljana, capital of the southwestern republic of Slovenia, to pass through.

"One of the more concrete results of today's negotiations is a proposal sent to the Croatian armed forces to tell the EC mission representatives within twenty-four hours whether they are ready to lay arms down," Lt. Col. Svcevic said.

The Yugoslav Army further insists on an exchange of prisoners and offers 20 members of the Croatian armed forces for every three of its members.

The armistice was kept violated around Dubrovnik today as well. The Croatian armed forces kept opening fire from the town itself at Yugoslav Army positions from which fire was returned.

Serbia

Jovanovic Addresses Journalists on Hague Talks

AU0611170991 Belgrade Radio Belgrade Network
in Serbo-Croatian 1400 GMT 6 Nov 91

[Text] A news conference is under way in the Executive Council of Serbia where journalists are due to be addressed by Foreign Minister Vladislav Jovanovic and Serbian Vice Premier Budimir Kosutic. Let us check with our journalist, Marinela Raznjatovic, whether they have spoken:

[Raznjatovic] At the moment only the republican Foreign Minister Vladislav Jovanovic has spoken at the news conference. Understandably the main theme has been yesterday's interruption of The Hague conference. In reply to the question as to whether this is the end of the conference, Jovanovic said that it cannot be dissolved because there is no alternative. Apart from that, Jovanovic stressed that no one had expressed the desire for the conference to be dissolved. Jovanovic assessed yesterday's event as the beginning of a more complex stage.

Regarding the meeting in Rome, the republican minister assumes that not one irreversible step will be taken.

One of the questions was whether Serbia is faced with war. According to Jovanovic, it takes two to wage a war, and from the beginning Serbia has not wanted a war, but a solely peaceful resolution to all problems.

This is the briefest resume of the conference which began about 20 minutes ago, and we will report more details in the An Argument More program.

SDA Assesses Hague Conference, Referendum

AU0611191291 Belgrade Radio Belgrade Network
in Serbo-Croatian 1400 GMT 6 Nov 91

[Report by Ljubomir Nikolic from Sarajevo]

[Excerpt] In reply to a question on the position of the SDA [Party of Democratic Action] regarding the conference in The Hague, it was said that there was nothing to add to the statement by Alija Izetbegovic. On his return from The Hague, Izetbegovic said that he had expected this outcome and that it reminded him of the unsuccessful summits between the six republican leaders. He added that he had briefed the conference participants on the behavior of the SDS and the announced plebiscite among the Serbian people, which, in his opinion, causes concern and tension in Bosnia-Herzegovina.

Irfan Ajanovic [secretary of the SDA] expressed a negative attitude about the plebiscite and said that this involved the desire to create a greater Serbia. Ajanovic expressed the conviction that the Serbian people would find the strength to oppose, and I quote, the infantile policy of Slobodan Milosevic and his (?pawns) in Bosnia-Herzegovina.

Ajanovic said today that Yugoslavia does not exist, that federal institutions do not function, and that Europe is recognizing the real situation in our country. He expressed the conviction that the Yugoslav crisis would be resolved by the United Nations, that is to say, the Security Council.

Ajanovic announced that the four Serbian deputies from Bosnia-Herzegovina who were at yesterday's session of the SFRY Assembly Chamber of Republics and Provinces would be called to account. He also said that military government had been introduced in some parts of Bosnia-Herzegovina and that Sarajevo is an open town, which can be seen from the way in which holy buildings are protected. The situation here is not the same as in Belgrade, which represents the (?necropolis) of these buildings, Ajanovic claimed.

Ibrica Jusic [popular singer] also appeared at the SDA news conference and likened Dubrovnik to Auschwitz. Jusic also said that everything had been demolished there apart from the old city. [passage omitted]

Assembly Will Not Declare State of War*LD0711025891 Belgrade TANJUG in English
0007 GMT 7 Nov 91*

[Text] Belgrade, November 6 (TANJUG)—Serbia's parliament is not going to declare a state of war regardless of this republic having been attacked as long as there exists a chance for coming to a minimum of cease-fire agreement. TANJUG learned after this evening's behind-closed-doors session of the largest Yugoslav federal unit's parliament.

On November 5 and 6, Croatia's armed forces shelled the towns of Sid and Apatin, both in Serbia.

Serbia's Defence Minister, Lt. Col. Gen. Tomislav Simovic, told the deputies that destroyed had been the centre in Croatia from which fire was opened at Sid. He proposed measures not going beyond intensified combat preparedness, informal pieces of information had it.

Also according to informal sources, a majority of the opposition deputies, of whom there is one-fifth among the Assembly's 250 deputies, insisted that a state of war be declared, a full mobilization as well and that a Serbian army be formed.

The session over, Aleksandar Bakocevic, president of Serbia's parliament, told the press that the session was important one because of "useful suggestions of importance for a military engagement" having been heard.

Republic To Form Own Army Within 3 Months*AU0711124491 Paris AFP in English 1128 GMT
7 Nov 91*

[Text] Belgrade, Nov 7 (AFP) — Serbia, angry over what it sees as the Federal Army's weakness in Croatia, plans to form its own army, part of which will be made of up professionals who can be ready within three months, the daily POLITIKA said Thursday [7 November].

The report quoted sources in the Serbian Defense Ministry, notably an Australian of Serbian origin, Captain Dragan Vasiljevic, who won acclaim for organizing commando units among ethnic Serbs in Croatia. The ministry recently assigned him to train volunteers for the war against Croatia.

He told POLITIKA the new Serbian army should have a corps of 20,000 professionals ready in three months into which units in the current Federal Army could be integrated.

The report said the Serbian plan would mean a major change for the Federal Army, which is Serbian-dominated, and the republic's territorial defense, or militia. It also means a major reversal for Serbia's former communist leaders, who up to now have denounced the creation of republican armies in breakaway Croatia and Slovenia and defended a central Yugoslav army as a guarantor for maintaining the federation.

Serbia decided to create its own army after Croatia made its first major military strike inside Serbia on Tuesday and Wednesday [5, 6 November] hitting the border town of Sid, according to the report.

Croatia has denied the attacks.

They were reported amid mounting accusations from the Serbian Government of Army weakness in failing to launch an all-out drive in the war against Croatia.

Vasiljevic said the three months of war has shown that "the philosophy and strategy of the Army has failed." He cited increasing mass desertions and examples where Army troops had surrendered material without a fight. He said the advantage of a professional army was that "it is made up of people who have voluntarily chosen to fight."

An 11-member committee is already working on a draft bill for the force and the Serbian Defense Ministry wants it adopted as quickly as possible, the ministry told POLITIKA. Vasiljevic said otherwise there was a threat that different Serbian parties would start setting up their own armies.

There are already several para-military militias in Serbia, the main one being the Serbian Guard linked to the Serbian Renewal Movement of Serbian opposition Vuk Draskovic. Press reports say it has 7,000 armed volunteers, some of whom are already fighting in Croatia.

Bosnia-Herzegovina**Izetbegovic Invites Political Leaders to Meeting***AU0711103991 Sarajevo Radio Sarajevo Network
in Serbo-Croatian 2100 GMT 6 Nov 91*

[Text] Alija Izetbegovic, president of the Presidency of Bosnia-Herzegovina, invited the leaders of the political parties represented in the assembly of Bosnia-Herzegovina to come to a joint meeting at 1000 GMT tomorrow, on 7 November. In addition to the leaders of the political parties, he also invited another representative of these political parties. The parties can decide on whom to send themselves. Izetbegovic envisaged two points on the agenda: a brief report on the conference on Yugoslavia in The Hague, and the referendum in Bosnia-Herzegovina.

Presidency Considers Serb Referendum 'Illegal'*AU0711104391 Sarajevo Radio Sarajevo Network
in Serbo-Croatian 2100 GMT 6 Nov 91*

[Text] The Presidency of Bosnia-Herzegovina today held a session at which it endorsed the proposal which President Alija Izetbegovic made in The Hague conference. He asked the EC to send a goodwill mission to Bosnia-Herzegovina. The mission would act as a mediator in the process of achieving a political consensus in our republic.

Discussing the plebiscite that was announced by the Serbian Democratic Party of Bosnia-Herzegovina for 9 and 10 November, the Presidency concluded that this was politically ill-considered and an illegal act that can breed confusion and uncertainty in the political life of the republic. Biljana Plavsic did not agree with the Presidency's conclusion. She also disagreed with it on behalf of Nikola Koljevic, member of the Presidency.

Court Condemns Serbian Autonomous Regions

AU0611210091 Sarajevo Radio Sarajevo Network
in Serbo-Croatian 1800 GMT 6 Nov 91

[Text] The Constitutional Court of Bosnia-Herzegovina issued a statement today which says that the court has on several occasions informed the Assembly of Bosnia-Herzegovina and the general public of the very bad state and constant deterioration of the maintenance of constitutionality and legality.

The court stresses that the unconstitutional and illegal formation of communities of communes has recently developed into the formation of autonomous regions. This leads to the conclusion that there is a desire to change the constitutional structure of Yugoslavia and Bosnia-Herzegovina in an unconstitutional way, and create autonomous regions with the characteristics of states which endeavor to (?undermine) the constitutional and legal order of the republic.

The court warns that this phenomenon represents the flagrant violation of the constitutional and legal order of the country and republic. The court will, on its own initiative, begin a procedure for assessing the constitutionality and legality of these acts once the [word indistinct] prerequisites are created for this.

The adoption in the Assembly of Bosnia-Herzegovina of a memorandum, a letter on intentions, and a platform on the position of Bosnia-Herzegovina in the future structure of the Yugoslav community have meant that the political circumstances in the republic have been complicated and destabilized. The court will assess whether conditions have been created for starting an initiative on the basis of the already [word indistinct] demands and on its own initiative for assessing the constitutionality and legality of these acts.

The formation of an assembly of Serbians in Bosnia-Herzegovina, which wants to question the constitutionally-envisaged position and modus operandi of the Assembly of Bosnia-Herzegovina, represents an act that has no basis in either the federal or the republican Constitutions. The acts adopted by this assembly cannot have any legality either. These acts include the decision on scheduling a referendum among the Serbian people in Bosnia-Herzegovina because, according to the Constitution of Bosnia-Herzegovina, citizens are the proponents [nosilac] of power which they exercise through their representatives in the assemblies of the sociopolitical communities, through referenda, at meetings, and on other occasions when they can express their personal views.

Only the Assembly of Bosnia-Herzegovina can make the decision on scheduling a republican referendum. Votes which are not held on the basis of the Constitution and law cannot have any legal consequences whatsoever.

The court proposes to the Assembly of Bosnia-Herzegovina that it urgently discuss these and all other acts and conduct which undermines constitutionality and legality and within the framework of its constitutional powers and responsibilities ensure, together with other state organs, that the constitutional and entire legal system functions effectively. A significant step in this direction would mean that a new constitution of the Republic of Bosnia-Herzegovina would be adopted as soon as possible.

This is contained in the statement by the Constitutional Court of Bosnia-Herzegovina.

Doboj Denounces Formation North Bosnia Region

LD0611175691 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1403 GMT 6 Nov 91

[Text] Doboj, 6 Nov (TANJUG)—In connection with the proclamation of the Serbian Autonomous Region of Northern Bosnia with a seat in Doboj, the Doboj Municipal Committee of the Democratic Action Party today issued a statement which says:

"Since, in the newly established so-called Serbian Autonomous Region of Northern Bosnia, the Serbs account for only 27.7 percent of the population and for 39 percent of the population in Doboj municipality, we consider this illegal and unlawful decision to be a most flagrant provocation by a handful of irresponsible individuals from the Serbian Democratic Party ranks with extremist tendencies. They are not interested in traditionally good relations among peoples, but in a psychosis of warmongering, which is most certainly not wished for by an overwhelming majority of members of the Serbian nation. With this move the Serbian Democratic Party, in a most direct manner, eliminates from its name the attribute 'democratic,' because it refuses to respect even the most elementary norms of democracy," says the statement by the Democratic Action Party's committee in Doboj issued today.

Banja Luka General on Refugees, Army Conduct

AU0611145091 Belgrade RTV Sat TV
in Serbo-Croatian 1830 GMT 5 Nov 91

[Text] On the occasion of the sufferings of the Serbian population in western Slavonia and the large number of refugees who were coming to Bosnia Krajina within the last couple of days, above all to Banja Luka, Lieutenant General Nikola Uzelac, commander of the Banja Luka Corps, has given an interview to our reporter Vlada

Mares. For the "Dnevnik 2" newscast, we have prepared an excerpt from this statement:

[Begin Uzelac recording] I must say that both I and all my officers sympathize about these events and these massacres perpetrated against our people in this region. It has already been said, and it is true that this region is outside the range of the Yugoslav People's Army, because they, Bilogora, Papuk, and other regions, are at the far northwest of Slavonia.

There have been various commentaries about this. First of all, I would like to say that nobody has the right, absolutely no right, to say that these people—particularly the territorialists who have withdrawn together with their people under the pressure of a much more superior enemy—are traitors or the like. On the contrary, these people are Slavonians, the heroes who have been heroically fighting without being replaced at all, unlike some reservists and some so-called volunteers who have been fleeing from the front or who had apparently been told that they will be replaced after one and half months and are now leaving the front by themselves. This is to be condemned very harshly.

There are individual statements concerning the Army. I have not specifically noticed, but I have been given secret reports by people who talked with these people that the Yugoslav People's Army was attacked. As I have said, I have neither noticed nor read that the Fifth Corps has been directly attacked that it betrayed these people. This cannot be said, because the Fifth Corps was really most directly responsible for that part of the front and not only in this region, but much wider—one can easily say from the sea up to the Hungarian border—it was helping and giving everything it could. And of course, we are going to do so in the future, too.

This applies not only to material support—weapons, material resources—but also to moral and organizational support, to the organization of the army, planned action, and so on. However, this time they were really too far for the Fifth Corps to be able to help them directly with artillery or other means. Nevertheless, whenever that was possible the aviation helped them with its activity.

That what some people say about the aviation, that it was dropping its load [teret] over meadows is unacceptable and, to say the least, the activity of the aviation is not understood properly.

Unfortunately the situation today is such that everybody knows everything and wants to interfere into the way operations are carried out. They say they would use the aviation, artillery, and all other means according to some principle of theirs that has nothing to do with the way wars are waged. It is known precisely what means, what targets, that is, what means are used for what targets. Therefore, there are also certain targets that aviation is used for. [end recording]

Montenegro

Titograd Press, Parties React to Hague Conference

AU0611160491 Belgrade Radio Belgrade Network
in Serbo-Croatian 1400 GMT 6 Nov 91

[Report by Jagos Stojanovic from Titograd]

[Text] In contrast to the conference of 18 October, yesterday's conference in The Hague was received with a certain amount of relief. Most commentators are citing Milosevic saying that Serbia is not accepting ultimatums and citing Momir Bulatovic saying that there is hope for a new Yugoslavia.

No one here believes in the truce, especially not the 35,000 citizens of Montenegro who are on the front between Dubrovnik and Knin or are going there. The grenades that fell on Sid and Apatin appear to have made a louder bang here than many other cannonades in the past. Articles in Titograd POBJEDA bear the following headlines: We should defend Serbs as brothers; Order general mobilization; Montenegrin youth has pushed back the enemy from Prevlaka to where it cannot endanger it any more; Montenegro has protected Mostar airport and Serbs in Hercegovina from Ustashes; and so forth.

The nonparty Fatherland Front of Montenegro also appeared on POBJEDA's pages this morning with its program orientations. No one has the right to write off our fatherland at a green table. This is the opening sentence. The Fatherland Front also demands that the Montenegrin leadership immediately reject all anti-Serbian and anti-Yugoslav elements in The Hague declaration. The Fatherland Front also demands full support for the Army and calls for the blockades to be lifted around the barracks and for the betrayal of the military oath to be condemned. It also demands that representatives of the Serbian Krajinas be included in all organs of authority of the future joint state. All this is coming as relief from the problems which have drawn Montenegro for months toward the front lines, with continuous demonstrations of solidarity in assistance to refugees and the families of the fighters.

The list of volunteers is longer today by at least a few hundred. As they say, it takes two to establish the much desired peace.

Macedonia

Gligorov, Malevski Comment on Hague Session

AU0611131691 Skopje Radio Macedonia Network
in Macedonian 2100 GMT 5 Nov 91

[Text] Kiro Gligorov, president of the Republic of Macedonia, Vasil Tupurkovski, member of the SFRY Presidency from Macedonia, and Denko Malevski, minister for relations with other countries of the Macedonian

Government, tonight returned to Skopje from The Hague (where they had attended) the conference on Yugoslavia. At Petrovec airport, President Gligorov made the following statement for journalists from Macedonian Radio, Television, and Press:

[Begin Gligorov recording] The conference in the Hague was adjourned because, as Lord Carrington said, it is difficult to work on [word indistinct] and negotiate when military activities are not only continuing but also escalating. This was the reason that the conference began with a long delay. This time was used by Lord Carrington, Cyrus Vance, and their associates to hold talks about, so to speak, the truce offered for the 11th [as heard] time, that is to say, an end to military activities.

Croatia submitted a document in which it stresses that it agrees that hostilities should stop so that the Army and all its soldiers can be freed, and so that the Army, the Yugoslav People's Army, can withdraw from Croatia. General Kadijevic, who was also present, told Lord Carrington that he accepts the truce as signed by the SFRY Presidency at a conference in the Hague on 18 October. In view of so many unsuccessful agreements on ending military activities, the conference was adjourned for the next three days until the cease-fire agreement is implemented. If military activities are not stopped until Friday, the EC ministers will meet and after that one should probably expect sanctions. The nature of these sanctions has not been revealed, but it is assumed that these will be economic sanctions that would probably be applied against the whole of Yugoslavia. Some exceptions may be made depending on what kind of attitudes some republics have had toward The Hague agreement and the document that is being discussed. In other words, some republics would most probably be compensated for damages resulting from the sanctions.

This refers to this part of the conference. As far as the proposals by President Bulatovic and Milosevic are concerned, they are contained in two amendments. The first amendment demands not only the republics but also the peoples to vote on, so to speak, a future community, especially those who want to live in a joint state. The fact that this demand now includes not only republics but also peoples, raises a number of questions. The most important thing is, I think, that this now involves the

question of the current internal borders, which (implies) the idea to unite all these states into one state, to make one state, (I mean Serbia), from various parts of Yugoslavia. Of course, the acceptance of this amendment may have many other complications, such as the position of Bosnia-Herzegovina and so forth.

The second amendment that was proposed refers to the fact that Yugoslavia as a joint state is one of the possible solutions for the republics to live together. As such it would retain the international legal status of the current Yugoslavia. However, this (entails) significant implications concerning the position of other republics which either demand to be independent or agree with a loose association.

Bosnia-Herzegovina, Macedonia, Croatia, and Slovenia did not accept these amendments. After the discussion about them, Lord Carrington concluded that there was no agreement on these issues and adjourned the discussion for a period of time in which the Hague Conference could be extended, until a cease-fire and truce are agreed on between warring republics and the Yugoslav People's Army.

In addition to that, I can also add that a statement was signed concerning the demands by Red Cross that the warring sides should respect humanitarian principles with regard to the wounded, captured, and those who are suffering, and so on. In other words, everything that in this situation the Red Cross would demand from anyone. All these rules should be obeyed since lately there have been serious violations of these rules which include [word indistinct], and not only such military rules.

Finally, our presence in the Hague was used to hold a fairly long discussion with Mr. Henri Wijnadts about the Hague proposals, about everything that Macedonia is interested in the Hague document. We explained our position and demands and I think that they were understood. Finally, we proposed our own amendment, which [words indistinct], refer to a (very) important question, the question of, how shall I put it, the inheritance from the present Yugoslavia. Succession should be discussed in such a way that all present republics are regarded as legal heirs to the rights and obligations of [words indistinct] the present Yugoslavia. [end recording]